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Report on the activities of the Office of Internal Oversight Services

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report of the Office of Internal Oversight Services on the audit of the Secretariat's structure for managing and sustaining peacekeeping operations*

"The Secretariat is yet to develop the necessary governance and accountability mechanisms to ensure effectiveness and accountability in peacekeeping operations"

Summary

Pursuant to General Assembly resolution 61/279, the Office of Internal Oversight Services (OIOS) conducted an audit of the Secretariat's structure for managing and sustaining peacekeeping operations. In his report on strengthening the capacity of the United Nations to manage and sustain peace operations (A/61/858 and Corr.1), the Secretary-General indicated the need to restructure the Department of Peacekeeping Operations and establish a separate Department of Field Support in order to strengthen the capacity of the Organization to mount and sustain peacekeeping operations in the face of their growing volume and complexity. Acting on the Secretary-General's recommendation, the General Assembly approved by resolution 61/279 the restructuring of the Department of Peacekeeping Operations and the establishment of the Department of Field Support.

* The delay in submitting the present report was due to expansion of the audit scope to include a review of the role and duties of the Deputy Secretary-General in relation to the Department of Peacekeeping Operations, the Department of Field Support, the Department of Political Affairs and the Department of Management.

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The main objective of the audit was to assess whether the organizational roles, responsibilities, reporting lines and other governance and accountability mechanisms in the Secretariat's new structure for peacekeeping were adequately defined by reviewing the roles of the heads of missions, the Department of Peacekeeping Operations, the Department of Field Support, the Department of Political Affairs, the Department of Management and other entities involved in peacekeeping.

The main findings are as follows:

- The establishment of the Department of Field Support recognized the criticality of support issues in the success of a mission and acknowledged the risk that the Department of Management and the former Office of Mission Support within the Department of Peacekeeping Operations could no longer meet the administrative support needs of peacekeeping operations owing to their growing volume and complexity. Further, the new structure would allow the Department of Peacekeeping Operations to focus on substantive peacekeeping issues. However, it is too early at this point to determine whether the new structure was operating effectively and efficiently to deliver on its mandates;

- The Secretary-General has promulgated mechanisms to provide executive direction to the Department of Peacekeeping Operations, the Department of Field Support, the Department of Political Affairs and the Department of Management. These include the Policy Committee, the Management Committee and the Management Performance Board. These mechanisms seem to allow also the Deputy Secretary-General to be fully informed of the political and military aspects of peace operations thus ensuring continuity and consistency of the leadership exercised by the Secretary-General in managing peace operations. The function of the Deputy Secretary-General was created as an integral part of the Executive Office of the Secretary-General with responsibilities delegated by the Secretary-General. Further, the Secretary-General has assigned the Deputy Secretary-General to oversee the day-to-day operations of management-related departments such as the Department of Field Support and the Department of Management as well as to be in charge of the Management Committee and the Management Performance Board. The Executive Office of the Secretary-General informed OIOS that it is in the process of formulating: (a) an operational strategy and resource requirements to enable the Deputy Secretary-General to carry out her responsibilities; and (b) a reporting mechanism from the concerned line departments to the Deputy Secretary-General;

- The Secretary-General has implemented the senior managers' compact with the Under-Secretaries-General at the Secretariat, which documents the Secretary-General's expectations and individual accountabilities of the Under-Secretaries-General. The heads of missions, who have been entrusted with significant responsibilities for programme management and mandate implementation, are not subject to this mechanism. The Secretary-General's compact needs to be developed for heads of missions to enhance their accountability. This mechanism should also be applied between heads of missions and their deputies;

- The departmental mandates of all Secretariat offices involved in peacekeeping were not updated to reflect their respective roles under the new structure for

managing and sustaining peacekeeping operations. *The Department of Peacekeeping Operations and the Department of Field Support commented that they had developed drafts of their mandates.* Also, vision and mission statements, which are valuable instruments to clarify, share and reinforce a department's fundamental purposes, major responsibilities and key commitments with staff and other stakeholders, had not been updated in the case of the Department of Peacekeeping Operations and had not been finalized in the case of the Department of Field Support;

- The integration of the Department of Peacekeeping Operations Concept of Operations and the resultant Department of Field Support Support Plan, a key activity in launching new missions, was informal and not documented. Hence, there was no assurance that this critical function was performed, and the accountabilities for the accomplishment of the plans were clear and expectations were achievable. The Under-Secretaries-General for Peacekeeping Operations and Field Support should co-sign the Department of Peacekeeping Operations Concept of Operations and the Department of Field Support Support Plan;

- One of the key features of the new structure is the introduction of the integrated operational teams, responsible for the provision of day-to-day support for all aspects of peace operations. Instruments governing the functioning and accountability of the integrated operational teams, such as the detailed responsibilities of the team members and their parent units, and the division of labour between the team members and leaders and the regional directors, have not been sufficiently covered in the terms of reference. *The Department of Peacekeeping Operations stated that it had finalized the terms of reference for all integrated operational team officers, for the directors at the Office of Operations and for staff members from other offices providing support to the teams*;

- The restructuring took place without establishing quantifiable expected benefits, especially in terms of productivity, of the various Department of Peacekeeping Operations and Department of Field Support functions. There is a need for the two Departments to establish expected accomplishments and benchmarks to measure the efficiencies and improvements resulting from the recent restructuring;

- The Department of Peacekeeping Operations made commendable strides in developing cooperation agreements among partners in peacekeeping operations, such as the African Union, the European Union, the North Atlantic Treaty Organization, the World Bank, the United Nations Development Programme, and so forth;

- The risks of duplication and a responsibility gap between the Department of Peacekeeping Operations and the Department of Political Affairs, noted in a previous OIOS audit conducted in 2006, continued to exist. For example, both the Department of Peacekeeping Operations and the Department of Political Affairs plan, launch and lead field missions. Depending on the relative significance of the mandates and life cycle of field missions, the Policy Committee of the Secretary-General assigns the lead responsibility to direct a special political mission to either the Department of Peacekeeping Operations or the Department of Political Affairs. This is called the "lead-department"

policy. However, there were no clear criteria or transparent decision-making mechanisms to determine the lead department. This presents an inherent risk of duplication and overlap between the Department of Peacekeeping Operations and the Department of Political Affairs since either can lead and manage a peace operation. The Executive Office of the Secretary-General has informed OIOS that the "lead-department" policy will be updated once the departmental mandates of the Department of Peacekeeping Operations and the Department of Political Affairs are revised. *The Department of Peacekeeping Operations welcomed the recommendation to develop clearer criteria for the "lead-department" policy, stating that the recommendation would provide more clarity as to the division of labour between the two departments. The Executive Office of the Secretary-General, the Department of Peacekeeping Operations and the Department of Political Affairs have been working closely together to revise their respective mandates.* The Department of Peacekeeping Operations, however, stated that the issue of less clarity related only to small- and medium-sized special political missions;

- The roles and accountabilities of the Department of Field Support and each mission's support component in providing support to missions are yet to be clearly defined. A service-level agreement is needed to define and delineate each of these entities' roles. It is not only a good mechanism for such purposes, but is also an effective means to enforce accountabilities by providing for a formal definition of: (a) services needed by each mission from the Department of Field Support; and (b) benchmarks to measure the performance of the Department in providing support to missions. Such definitions have not yet been defined and agreed on;

- The delegation of human resources authority by the Department of Management to Department of Field Support human resources officers at New York Headquarters was informal. This is inconsistent with the requirement of the Department of Management for formally designating and delegating mission human resources officers. Hence, although Department of Field Support officers were performing human resources functions for the missions, they did not officially have the authority for those functions. Also, the Department of Management did not regularly review and monitor whether the authorities it delegated to the Department of Field Support were properly executed;

- As regards the role of the Department of Safety and Security in providing security to peacekeeping missions, OIOS, in its previous audit of the Department, found that the nature and scope of technical supervision, policy direction and operational guidance by the Department over the Chief Security Advisers were not sufficiently clear. Since the Chief Security Advisers report both to the Designated Official, which in some cases is the head of mission, and to the Department, the lack of clarity of the Department's technical supervision over the Chief Security Advisers could cause misunderstanding and diffused accountabilities.

OIOS made a number of recommendations to address the issues discussed above. The concerned departments accepted all the recommendations.

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I. Introduction

1. Pursuant to General Assembly resolution 61/279, the Office of Internal Oversight Services (OIOS) conducted an audit of the Secretariat's structure for managing and sustaining peacekeeping operations.

2. The Secretary-General, in his report on strengthening the capacity of the United Nations to manage and sustain peace operations (A/61/858 and Corr.1), indicated the need to restructure the Department of Peacekeeping Operations. Acting on the Secretary-General's recommendation, the General Assembly, in its resolution 61/279, approved the restructuring of the Department of Peacekeeping Operations and the establishment of the Department of Field Support by separating the former Office of Mission Support of the Department of Peacekeeping Operations, effective 1 July 2007, including the creation of 119 new posts for the Department of Peacekeeping Operations and 33 for the Department of Field Support.

3. The Secretariat's structure for managing and sustaining peacekeeping operations consists of a number of United Nations departments and entities at Headquarters and in the field (see figure I), horizontally organized with various mandates and inter-departmental processes and procedures. Following are the main departments and their respective roles:

(a) **The Department of Peacekeeping Operations**: responsible for providing strategic direction, management and guidance to United Nations field operations;

(b) **The Department of Field Support**: responsible for delivering dedicated support services to United Nations field operations, the Department of Peacekeeping Operations and the Department of Political Affairs, including on personnel, finance, logistical, communications, information technology and other administrative and general management issues (see A/61/858 and Corr.1);

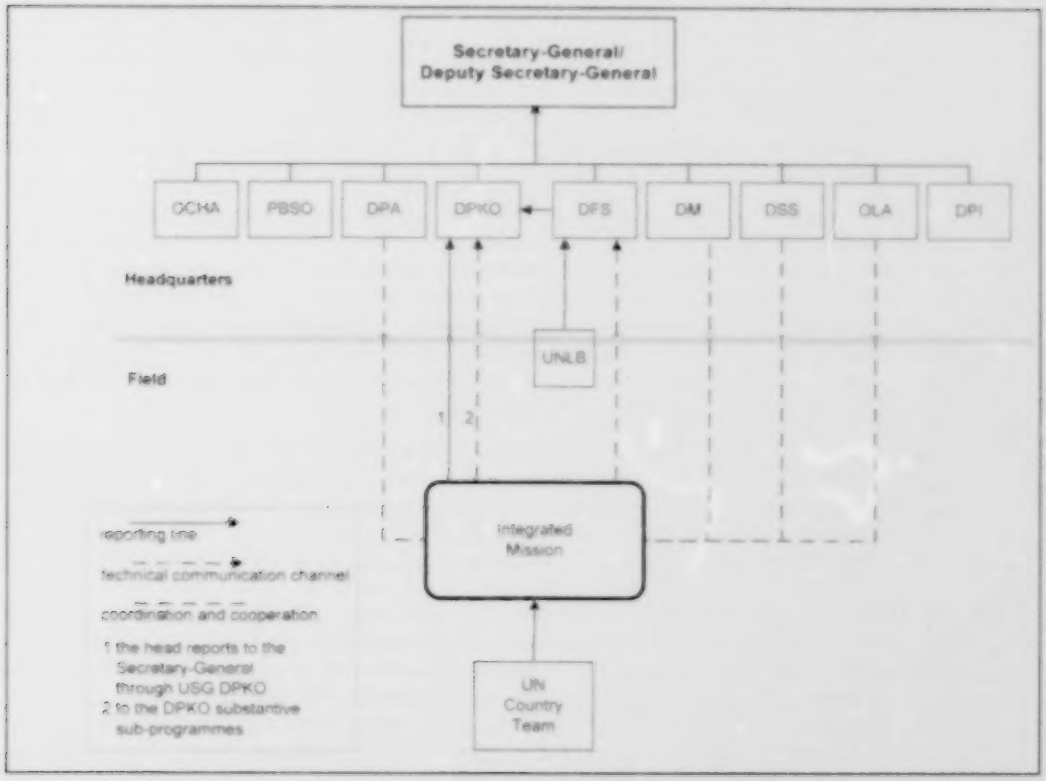
(c) **The Department of Political Affairs**: responsible for electoral assistance and most special political missions;

(d) **The Department of Management**: responsible for formulating policies and procedures and providing strategic guidance, direction and support to all entities of the Secretariat in three broad management areas, namely, finance and budget, human resources and common services (procurement and facilities management) (ibid.);

(e) **The Department of Safety and Security**: responsible for providing security support to ensure the implementation of the United Nations security management system at Headquarters and in field missions. In addition, the Department of Safety and Security would work closely with the Department of Field Support to ensure adequate security resourcing for field missions, in particular in the areas of staffing, equipment, training, security services and associated budget processes (ibid).

Figure I

United Nations departments, offices and agencies involved in the Secretariat's structure for managing and sustaining peacekeeping operations



Created by OIOS.

Abbreviations: OCHA, Office for the Coordination of Humanitarian Affairs; PBSO, Peacebuilding Support Office; DPA, Department of Political Affairs; DPKO, Department of Peacekeeping Operations; DFS, Department of Field Support; DM, Department of Management; DSS, Department of Safety and Security; OLA, Office of Legal Affairs; DPI, Department of Public Information; UNLB, United Nations Logistics Base; USG, Under-Secretary-General.

Note: The Office of Information and Communications Technology was created in December 2008 as an independent office within the Secretariat.

4. The Department of Peacekeeping Operations currently directs and controls[1] 16 peacekeeping and 2 political missions in the field. The Department of Field Support provides administrative and logistical support to 16 political missions led by the Department of Political Affairs, in addition to the 18 missions led by the Department of Peacekeeping Operations. For the financial year 1 July 2008 to 30 June 2009, the General Assembly appropriated $7.1 billion for the financing of the United Nations peacekeeping operations. The number of approved posts for the

[1] The Department of Peacekeeping Operations Policy on the Authority, Command and Control in United Nations Peacekeeping Operations, February 2008.

Department of Peacekeeping Operations and the Department of Field Support was 453 and 464, respectively, for the financial year 1 July 2008 to 30 June 2009. Approximately 90,000 uniformed military and police personnel and 22,000 civilian personnel have been deployed.

5. The heads of missions have overall authority over the activities of the United Nations in mission areas, including security and safety of mission personnel.[1] They lead and direct the heads of all mission components, and are accountable to the Secretary-General through the Under-Secretary-General for Peacekeeping Operations. Field missions are equipped with a stand-alone structure and most of them are headed by a senior official at the Under-Secretary-General level.

6. Most current peacekeeping missions are integrated, carrying out mandates in military affairs, political, humanitarian, social and economic functions. As the Department of Peacekeeping Operations does not have in-house capacity covering the full range of peacekeeping operations mandates in terms of reporting and monitoring human rights violations, protection of refugees and/or displaced persons and addressing certain development and humanitarian needs of those affected by conflicts a number of other Secretariat departments and agencies are also involved as partners both at Headquarters and in the field.

7. The main objective of the audit was to assess whether the organizational roles, responsibilities, reporting lines and other governance and accountability mechanisms in the Secretariat's new structure for managing and sustaining peacekeeping operations, including the heads of missions, the Department of Peacekeeping Operations, the Department of Field Support, the Department of Political Affairs and the Department of Management, were adequately defined. OIOS sought to obtain an understanding of the role of the Secretary-General's office in the management of peace operations, through interviews with senior officers in the Executive Office of the Secretary-General, including the Deputy Secretary-General and with the Under-Secretaries-General for Management and Field Support. The audit surveyed heads of missions to solicit their views on the restructuring. The audit also considered the relevant recommendations of the Board of Auditors, as well as previous OIOS recommendations.

II. Executive direction by the Executive Office of the Secretary-General

8. The Under-Secretaries-General for Peacekeeping Operations, Field Support, Political Affairs and Management and the heads of missions report to and are accountable to the Secretary-General, who is in turn accountable to Member States. The Secretary-General has put in place in his office certain mechanisms to provide the Secretariat departments with executive direction and oversight. The Political, Peacekeeping and Humanitarian Affairs Unit of the Executive Office of the Secretary-General assists the Secretary-General in overseeing the Department of Peacekeeping Operations and the Department of Political Affairs. The role of the Unit is to assist the Secretary-General in the areas of political, peacekeeping, disarmament, legal, humanitarian affairs and human rights in coordination with the relevant departments.

9. In addition, a number of committees and forums have been established to facilitate executive direction and allow information sharing, as shown in table 1.

Table 1
Mechanisms for executive direction

Mechanism	*Chair*	*Purpose*	*Participants*	*Expected frequency of meetings*
Policy Committee	Secretary-General	To consider issues requiring strategic guidance and policy decisions on thematic and country-specific issues affecting the United Nations	Deputy Secretary-General, Chef de Cabinet, Under-Secretaries-General for Peacekeeping, Humanitarian Affairs and Legal Affairs, Chairs of Executive Committees	Weekly
Management Committee	Deputy Secretary-General	To consider internal reform, management-related issues requiring strategic direction from the Secretary-General and recommendations by oversight bodies	Chef de Cabinet, Under Secretaries-General for Management, Field Support, Economic and Social Affairs, Peacekeeping and General Assembly and Conference Management	Monthly
Senior Management Group	Secretary-General	To raise and provide guidance on cross-cutting issues	Deputy Secretary-General and all heads of departments	Biweekly
Management Performance Board	Deputy Secretary-General	To monitor senior managers' performance by administrating their compacts with the Secretary-General	All heads of departments	Quarterly and once a year for the compact
Meeting with the political and other substantive line department heads	Secretary-General	Information-sharing	Under-Secretaries-General for Political Affairs, Peacekeeping, Humanitarian Affairs, Disarmament Affairs, Public Information, and so forth	Every Monday, Wednesday and Friday
Meeting with the management-related department heads	Deputy Secretary-General	Information-sharing	Under-Secretaries-General for Management and Field Support	Weekly
Meeting with the Under-Secretary-General for Internal Oversight	Deputy Secretary-General	Information-sharing	Under-Secretary-General for Internal Oversight Services	Weekly
Secretary-General's Executive Office of the Secretary-General meeting	Secretary-General	Executive Office of the Secretary-General management	Secretary-General, Deputy Secretary-General, Chef de Cabinet and Deputy Chef de Cabinet	Daily

10. The Deputy Secretary-General acts for the Secretary-General during his absence from Headquarters. Furthermore, owing to the large number of officials reporting to the Secretary-General, which does not allow for the maintenance of adequate and systematic managerial oversight and supervision (see A/51/950/Add.1), the Deputy Secretary-General function was created as an integral part of the Executive Office of the Secretary-General (see General Assembly resolution 52/12 B), with responsibilities delegated by the Secretary-General, including the following:

(a) To assist the Secretary-General in managing the operations of the Secretariat;

(b) To act for the Secretary-General at United Nations Headquarters in the absence of the Secretary-General and in other cases as may be decided by the Secretary-General;

(c) To support the Secretary-General in ensuring intersectoral and inter-institutional coherence of activities and programmes and to support the Secretary-General in elevating the profile and leadership of the United Nations in the economic and social spheres, including further efforts to strengthen the United Nations as a leading centre for development policy and development assistance;

(d) To represent the Secretary-General at conferences, official functions and ceremonial and other occasions as may be decided by the Secretary-General;

(e) To undertake such assignments as may be determined by the Secretary-General.

11. The Secretary-General's report of February 2009 on the strengthening of the capacity of the United Nations to manage and sustain peacekeeping operations (A/63/702 and Corr.1) has clarified that the Deputy Secretary-General is responsible for overseeing "the day-to-day operations of the management-related departments, such as the Department of Management and the Department of Field Support, which require the attention of the Secretary-General". The Deputy Secretary-General likewise oversees the newly created Office of Information and Communications Technology. In addition, the Secretary-General has assigned the Deputy Secretary-General to be in charge of the Management Committee, Management Performance Board and ad hoc task forces such as one on human resources management.

12. The Executive Office of the Secretary-General informed OIOS that it was in the process of formulating: (a) an operational strategy and resource requirements to enable the Deputy Secretary-General to carry out her responsibilities; and (b) a reporting mechanism from the concerned line departments to the Deputy Secretary-General. OIOS also notes that the mechanisms in place in the Executive Office as described in table 1 seem to allow the Deputy Secretary-General to be fully informed of the political and military aspects of peace operations thus ensuring continuity and consistency of the leadership exercised by the Secretary-General in managing peace operations.

III. Role of the heads of missions

13. The Department of Peacekeeping Operations Policy on the Authority, Command and Control in United Nations Peacekeeping Operations has improved

the answerability of heads of missions by clarifying that all mission components[2] report to the head of mission and that he or she is ultimately accountable for all aspects of a mission to the Secretary-General. In that regard, the policy addressed a long-standing ambiguity in the reporting relationship between mission components and their Department of Peacekeeping Operations and Department of Field Support counterparts by clarifying that mission components would keep a "technical communication channel" with, but not command and control from, Department of Peacekeeping Operations and Department of Field Support counterparts (see figure I). For example, the Chiefs/Directors of Mission Support, who are in charge of missions' administrative and logistics support components and in most cases report directly to the heads of missions, no longer report to the Under-Secretary-General for Field Support as they had previously done to the Assistant Secretary-General for Mission Support.

14. The policy further clarifies that while the head of mission is responsible for all mission components, the Chief/Director of Mission Support is the sole authority in the field to commit financial resources. In exercising the financial authority of the Chief/Director of Mission Support, he/she should consult with the head of mission, but the Chief/Director is personally responsible for the strict observance of and compliance with United Nations technical and administrative regulations related to the administration of the mission and logistics management. In the opinion of OIOS, this setup is a good internal control mechanism. In two missions, OIOS found an exception in the reporting line of the Chief/Director of Mission Support to the head of mission where the Chief/Director first reports to a Deputy Special Representative of the Secretary-General. In the view of OIOS, this additional reporting line may diffuse accountability over the management of mission financial resources. To mitigate such risk, the Under-Secretary-General for Peacekeeping Operations clarified, in his directives to the heads of missions, the responsibility and accountability of the Deputy Special Representatives of the Secretary-General overseeing the Chiefs/Directors of Mission Support.

Need for the Secretary-General's compacts with the heads of missions

15. Heads of missions are entrusted with significant responsibilities for programme management and mandate implementation. For instance, the budget of the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) for the financial year 2008/09 is $1.2 billion, much larger than that of the Department of Peacekeeping Operations or the Department of Field Support. However, heads of missions, unlike all Headquarters Under-Secretaries-General, are not subject to the mechanism of the Under-Secretary-General compact with the Secretary-General. In the view of OIOS, the Secretary-General's compact should be developed for the heads of missions to enhance their accountability. This compact should also apply to the African Union-United Nations Hybrid Operation in Darfur and in future missions where the United Nations is working in partnership with other external entities. OIOS notes that 30 per cent of the heads of missions surveyed were of the opinion that their accountability to the Secretary-General was not clear.

[2] A typical mission consists of military, police, political, humanitarian, and a number of substantive and mission support components.

The responsibilities of deputy heads of missions and the need for a formal mechanism to hold them accountable for their performance

16. In most integrated peacekeeping missions, two deputy heads of missions, appointed at the Assistant Secretary-General level and officially designated as the Deputy Special Representative of the Secretary-General, assist the head of mission in the exercise of his/her managerial functions. Their responsibilities vary from mission to mission, depending on the mission mandates. Typically, one of the Deputy Special Representatives of the Secretary-General oversees the political and other substantive components of the mission, and the other is the Deputy Special Representative of the Secretary-General/Resident Coordinator/Humanitarian Coordinator in charge of the humanitarian and development components.

17. Deputy Special Representatives of the Secretary-General perform significant managerial responsibilities. However, there is no formal mechanism to hold them accountable for their performance. In this regard:

(a) Not all Deputy Special Representatives of the Secretary-General, especially those overseeing the political and other substantive mission operations, have terms of reference that specify their roles and responsibilities. *The Department of Peacekeeping Operations and the Department of Field Support explained that they had systemically developed the terms of reference for the Deputy Special Representative of the Secretary-General posts for new appointments since the establishment of the Senior Leadership Appointment Section under the Department of Field Support in 2007. The Department of Peacekeeping Operations and the Department of Field Support added that they had, as part of the recent Lean Six Sigma business process improvement project on senior leadership vacancy management and succession planning, developed a guideline and template for the terms of reference of the Deputy Special Representatives of the Secretary-General, which the Executive Office of the Secretary-General and the Under-Secretaries-General for Peacekeeping Operations, Political Affairs and Field Support had approved*;

(b) There is no systematic mechanism to evaluate the performance of the Deputy Special Representatives of the Secretary-General. The Deputy Special Representatives of the Secretary-General/Resident Coordinator/Humanitarian Coordinators are subject to the United Nations Development Programme (UNDP) evaluation system. The Deputy Special Representatives of the Secretary-General overseeing the political and other substantive mission operations are not subject to any formal performance evaluation such as the Secretariat's Performance Appraisal System. On the contrary, the performance of all Headquarters Assistant Secretaries-General had been evaluated under the Performance Appraisal System, which is planned to be replaced in 2009 by the compacts between the Assistant Secretaries-General and their respective Under-Secretaries-General. In the opinion of OIOS, the practice of Headquarters Assistant Secretaries-Generals' compacts with their respective Under-Secretaries-General should also be applied between the heads of missions and their deputies.

IV. Role of the Department of Peacekeeping Operations

A. Mandate and responsibility

18. The Secretary-General promulgates mandates of the Secretariat departments by issuing bulletins (ST/SGB) on the functions and organization of each department. The promulgation of departmental mandates is the first step to ensure accountability of the respective Secretariat departments involved in peacekeeping operations. This is also necessary in order to inform the internal and external stakeholders of what each department is responsible for. However, the Secretary-General's bulletin on the Department of Peacekeeping Operations (ST/SGB/2000/9) has not been updated since 2000 despite significant changes, including the 2007 restructuring of the Department. *The Department of Peacekeeping Operations and the Department of Field Support commented that they had developed drafts of their bulletins and that the only issue that remained pending before the bulletins were finalized was the issue on the lead responsibility for medium-sized complex special political missions, for example, the United Nations Assistance Mission for Iraq (led by the Department of Political Affairs), the United Nations Assistance Mission in Afghanistan (led by the Department of Peacekeeping Operations) and the United Nations Mission in Nepal (led by the Department of Political Affairs).*

19. The single most important responsibility of the Department of Peacekeeping Operations is to plan and launch peacekeeping missions pursuant to the relevant Security Council decision. The Department of Peacekeeping Operations, together with the Department of Field Support, is accountable for the successful setup and start-up of missions until they are reasonably established. The current Secretary-General's bulletin on the Department of Peacekeeping Operations (ST/SGB/2000/9), however, is not clear on the Department's accountability in that regard. OIOS learned that its upcoming departmental mandate would clarify and incorporate its accountability for planning and launching peacekeeping missions.

20. To further enhance accountability over the launching of new missions and to ensure that expectations are clear and achievable, OIOS is of the view that the Under-Secretaries-General of the Department of Peacekeeping Operations and the Department of Field Support should co-sign the Department of Peacekeeping Operations Concept of Operations and the Department of Field Support Support Plan. One of the key activities in launching new missions is the integration of the Department of Peacekeeping Operations Concept of Operations and the resultant Department of Field Support Support Plan. The aim of this activity is for the Office of Military Affairs and other Department of Peacekeeping Operations programmes to give assurance that the Department of Field Support Support Plan is adequate to support the Department of Peacekeeping Operations Concept of Operations and for the Department of Field Support to give assurance that the Department of Peacekeeping Operations Concept of Operations is achievable within Department of Field Support capacity, for example, human and logistical resources to support a new mission. However, this integration in launching new missions is currently informal and not documented.

21. Vision and mission statements are valuable instruments that the Department of Peacekeeping Operations and the Department of Field Support could use to clarify, share and reinforce its fundamental purposes, major responsibilities and key commitments with staff and other stakeholders. The Department of Field Support has, in consultation with missions, undertaken the process of developing its vision and mission statements as part of the Department's support strategy. The vision and

mission statements of the Department of Peacekeeping Operations, on the other hand, had not been updated since the August 2007 restructuring.

B. Integrated operational teams of the Office of Operations

22. One of the key features of the new structure is the introduction of the integrated operational teams, responsible for the provision of day-to-day support for all aspects of peace operations (see figure II). Five of the seven teams have been launched as of November 2008. However, instruments governing the functioning and accountability of the integrated operational teams, such as the detailed responsibilities of the team members and their parent units, and the division of labour between the team members and leaders and the regional directors, were not sufficiently covered in the existing terms of reference. The Department of Peacekeeping Operations indicated that the individual terms of reference for integrated operational team officers were expected to be completed by February 2009. *In response to a draft of the present report, the Department of Peacekeeping Operations stated that it had, in conjunction with the Department of Field Support, finalized the terms of reference for all integrated operational team officers, for the Directors of the Office of Operations and for all officers of the Office of the Rules of Law and Security Institutions and the Policy, Evaluation and Training Division providing support to the integrated operational teams, in line with the division of labour between teams and specialist functional areas.* OIOS will review the functioning of integrated operational teams in a separate audit planned for later in 2009.

C. Structure of the monitoring function

23. In its previous audit (A/61/743), OIOS recommended that the Department of Peacekeeping Operations needed to enhance the structure within the Office of the Under-Secretary-General for Peacekeeping Operations to ensure that the Department's subprogrammes and the Department as a whole are accomplishing their goals. Towards this end, the Department has formally assigned the Chief of Staff of the Office of the Under-Secretary-General to lead the development of performance indicators of Department of Peacekeeping Operations subprogrammes and to monitor their achievement.[3]

D. Progress in the restructuring

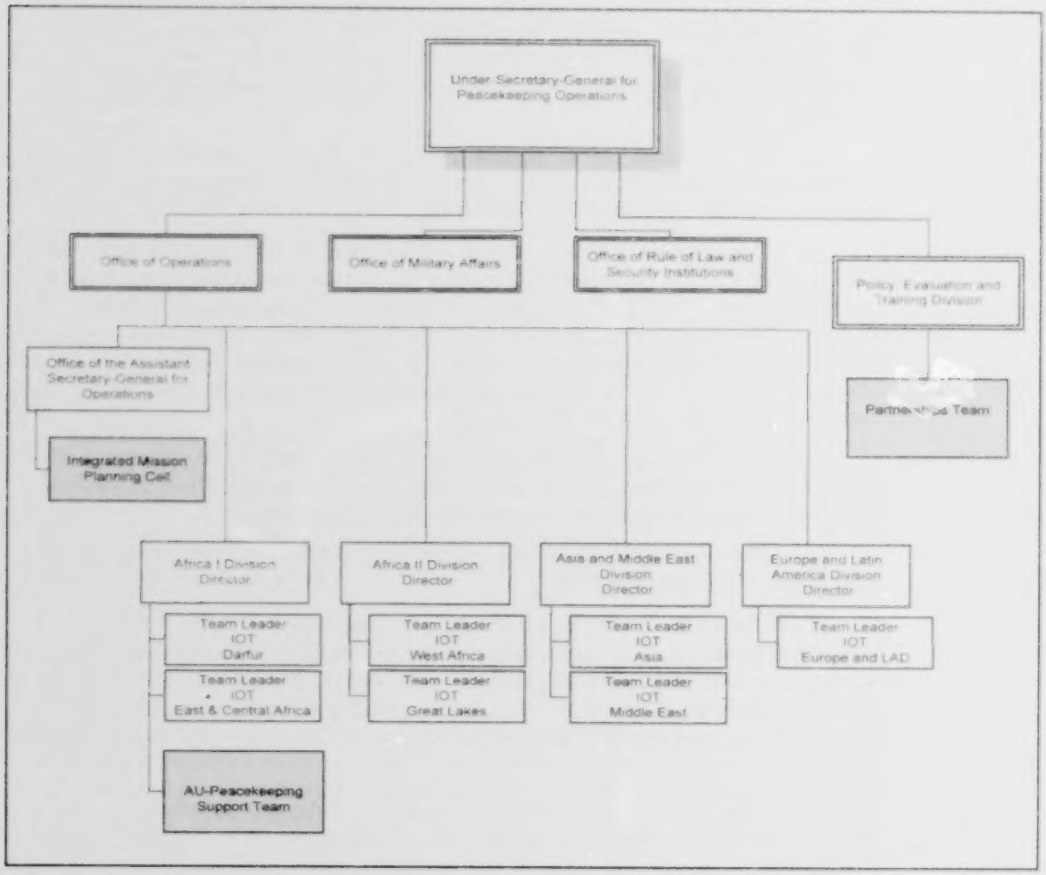
24. OIOS could not determine whether and to what extent the restructuring has been successful and beneficial because the restructuring took place without establishing quantifiable expected benefits, especially in terms of efficiency and productivity, of the various Department of Peacekeeping Operations and Department of Field Support functions. For example, the former Personnel Management and Support Service, before it was upgraded to a division under the new structure, had processed 120,000 of 260,000 (or 46 per cent) applications received in 2007. The restructuring design did not indicate by how much the Field Personnel Division should increase its productivity. The establishment of quantified benchmarks would

[3] Draft Secretary-General's bulletin on the organization of the Department of Peacekeeping Operations, para. 4.5 (c).

facilitate the self-evaluation of Department of Peacekeeping Operations and Department of Field Support efficiencies and other improvements. It could also facilitate more effective reporting by the two departments to, and monitoring by, the Secretary-General and the legislative bodies. For example, the General Assembly, by resolution 61/279, requested the Secretary-General to submit a comprehensive report on the efficiency and effectiveness of the new structure.

Figure II

Department of Peacekeeping Operations programmes and integrated operational teams: organization chart


Under-Secretary-General for Peacekeeping Operations
Office of Operations
Office of Military Affairs
Office of Rule of Law and Security Institutions
Policy, Evaluation and Training Division
Office of the Assistant Secretary-General for Operations
Integrated Mission Planning Cell
Partnership Team
Africa I Division Director
Africa II Division Director
Asia and Middle East Division Director
Europe and Latin America Division Director
Team Leader IOT Darfur
Team Leader IOT East & Central Africa
Team Leader IOT West Africa
Team Leader IOT Great Lakes
Team Leader IOT Asia
Team Leader IOT Middle East
Team Leader IOT Europe and LAD
AU-Peacekeeping Support Team

Created by OIOS. Shaded boxes represent units involved in coordination and cooperation with peacekeeping partners.

Abbreviations: IOT, Integrated Operational Team; LAD, Latin America Division; AU, African Union.

25. The Department of Peacekeeping Operations and the Department of Field Support have developed a comprehensive restructuring workplan, called the "road map", containing specific action items to implement the new structure. The Department of Peacekeeping Operations and the Department of Field Support, in

coordination with the Department of Management, also launched a comprehensive project to improve business processes and introduced the human resources action plan, whereby each department committed to meeting standard objectives and measurable targets in line with the Organization's legislative mandates and key priorities in human resources management. Most action items have been completed or are progressing as planned.

E. Integration of efforts between the Department of Peacekeeping Operations and the Department of Field Support

26. The Secretary-General has established the following measures to mitigate the risk of not being able to systematically integrate efforts between the two Departments under the new structure in delivering the necessary support services to missions:

(a) The creation of a unique reporting structure between the Under-Secretaries-General for Peacekeeping Operations and Field Support, where the latter reports to and takes direction from the former;

(b) The creation of a Department of Peacekeeping Operations/Department of Field Support Senior Management Team that enables senior managers from both Departments to come together weekly for information-sharing and to make major strategic decisions. The Department of Peacekeeping Operations and the Department of Field Support also established the Expanded Senior Management Team that meets weekly to address policy issues, and the directors' meeting, held three times a week to address operational issues;

(c) The assignment of responsibility for the monitoring of integrated efforts and common programme management to the Chief of Staff, Office of the Under-Secretary-General, Department of Peacekeeping Operations;

(d) The creation of integrated operational teams that combine various work units of the two Departments.

27. OIOS found the first three measures to be generally effective. Although OIOS acknowledges that it is too early, at this point, to assess the effectiveness of the new structure in providing support services to missions, it nonetheless conducted a survey of heads of missions[4] to elicit their preliminary views on the new structure and how it affected the support services they were receiving. The survey showed that:

(a) Only 3 of the 11 heads of missions indicated satisfaction with the effectiveness of the integrated operational teams responsible for their missions. OIOS plans to review the issue of the integrated operational teams in a separate audit;

[4] Eighteen heads of missions were surveyed, comprising: 13 missions led by the Department of Peacekeeping Operations and 5 by the Department of Political Affairs. There were questions that were not applicable to the Department of Political Affairs, hence, the population varied in view of a few of these questions.

(b) The majority[5] stated that there had been no major incidents that negatively affected the integrated efforts between the Department of Peacekeeping Operations and the Department of Field Support;

(c) Six of the 13 heads of missions indicated that the integrated efforts between the two Departments could still be undermined. One head of mission explained that mitigating such risk is highly dependent on the coordination between the Under-Secretaries-General of the two Departments.

28. In the view of OIOS, the full implementation of the new role of the Department of Field Support as a pure service provider would enhance the integration of the two Departments since providing support services requested by the missions and the Department of Peacekeeping Operations is the raison d'etre of the Department of Field Support. The implementation of service-level agreements, as discussed in part VI of the present report, would be a key mechanism in this regard.

F. Coordination and cooperation with partners

Cooperation frameworks with partners

29. The Department of Peacekeeping Operations has made commendable strides in developing cooperation agreements with partners, which had been assigned to the Partnerships Team of the Policy, Evaluation and Training Division. The Team identified 24 United Nations and non-United Nations partners and had finalized formal cooperation agreements with 12 of them.

30. Endorsed by the Security Council in its resolution 1809 (2008), the African Union Unit under the Office of Operations is established to build the African Union's capacity to conduct peace operations over a 10-year period from 2006 to 2016. The Unit and the African Union have jointly developed an action plan. The action plan, however, does not have periodic performance targets that allow for the interim monitoring of progress and the successful completion and implementation of the programme.

31. Although the "Peace Operations 2010"[6] strategy intended to establish only one point of contact for its partners, the Department of Peacekeeping Operations was of the opinion that the best way to serve their partners is to divide the responsibilities between the Office of Operations and the Partnerships Team (see Figure II above). Accordingly, the Office of Operations was assigned to serve as the primary point of contact on day-to-day peace operations related to the specific missions and to support capacity development efforts of the African Union in the areas of mission planning, deployment and management including logistic and resource planning. The Partnerships Team is responsible for developing and maintaining strategic partnerships at the institutional level, namely, institutional frameworks for cooperation. In the view of OIOS, this setup, if properly executed, would be adequate.

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[5] Nine heads of missions responded that there have been no major incidents. The rest of the heads of missions reported minor incidents related to long-term policy matters.

[6] Reform strategy initiated by the former Under-Secretary-General for Peacekeeping Operations, setting out policies and procedures on five key areas, namely, personnel, doctrine, partnerships, resources and organization, to enable the Department to support peacekeeping.

Integrated mission planning process

32. The Department of Peacekeeping Operations has established a dedicated mission planning cell under the Office of Operations to enhance the effectiveness of and accountability for the United Nations system-wide integrated mission planning process. The key vehicle of the planning process is the integrated mission task forces, which function as the main body for planning new peacekeeping missions and for supporting multidimensional peacekeeping operations. *The Department indicated that the terms of reference of the integrated mission task forces were finalized in March 2009.*

V. Role of the Department of Political Affairs

33. Both the Department of Peacekeeping Operations and the Department of Political Affairs plan, launch and lead field missions. United Nations peacekeeping missions are often responsible for diverse peace operations such as peacebuilding, peacemaking and enforcement, not just strictly peacekeeping. Depending on the relative significance of the mandates and life cycle of field missions, the Policy Committee of the Secretary-General assigns the lead responsibility to direct a field mission to either the Department of Peacekeeping Operations or the Department of Political Affairs, which is called the "lead-department" policy. In a previous report (A/61/357), OIOS pointed out a weakness in the policy regarding special political missions, namely, that there were no clear criteria or transparent decision-making mechanisms to determine the lead department, presenting an inherent risk of duplication and overlap between the two Departments, since either can lead and manage a special political mission. *The Department of Peacekeeping Operations explained that the field missions led by that Department and the Department of Political Affairs are, in most cases, quite distinct. The roles of and division of labour between the two Departments were laid out in the Secretary-General's bulletins ST/SGB/2000/9 and ST/SGB/2000/10, respectively, and further clarified by the Secretary-General in his report entitled "Strengthening of the United Nations: an agenda for further change" (A/57/387 and Corr.1). In its report (A/61/357), OIOS considered a few exceptions related to medium-sized special political missions with a largely civilian focus, in which either the Department of Peacekeeping Operations or the Department of Political Affairs has been designated the lead by the Secretary-General, based on various political and operational considerations. When this is the case, the other department provides advisory support to the lead department through integration mechanisms, such as integrated mission task forces.* The Executive Office of the Secretary-General has informed OIOS that the "lead-department" policy will be updated once the departmental mandates of the Department of Peacekeeping Operations and the Department of Political Affairs are revised, which was to be completed by the end of 2008. As of January 2009, the revised mandates have not been issued. *The Department of Peacekeeping Operations welcomed the OIOS recommendation in its report (A/61/357) to develop clearer criteria for the "lead-department" policy, stating that the recommendation would provide more clarity as to the division of labour between the Department of Peacekeeping Operations and the Department of Political Affairs. The Department of Peacekeeping Operations added that the Executive Office of the Secretary-General, the Department of Peacekeeping Operations and the Department of Political Affairs had been working closely together to revise their respective mandates.*

34. In the same audit (ibid.), OIOS also noted that the establishment of the Peacebuilding Commission and the Peacebuilding Support Office required that all activities related to special political missions should be aligned and coordinated to ensure that duplication and overlap were minimized, resources were utilized efficiently and effective oversight and monitoring mechanisms were established. However, the mandates of the Department of Political Affairs and the Department of Peacekeeping Operations had not been updated and did not accurately reflect their current roles and responsibilities as regards the various types of peace operations. The mandate of the Department of Political Affairs as the United Nations focal point for post-conflict peacebuilding needed to reflect the creation of the Peacebuilding Support Office.

VI. Role of the Department of Field Support

35. In recommending the creation of the Department of Field Support, the Secretary-General stated that the Department needed to be empowered for programme delivery in ways that the former Office of Mission Support within the Department of Peacekeeping Operations was not. He also stated that such empowerment required additional authority to be delegated to the Department of Field Support from the Department of Management, particularly on procurement. Although the General Assembly, in resolution 61/279, approved the establishment of the Department of Field Support and adopted most of the proposals contained in the Secretary-General's report (A/61/858 and Corr.1) in this regard, it deferred its approval of the proposed transfer of the procurement function from the Department of Management to the Department of Field Support. The General Assembly indicated in resolutions 61/246 and 61/279 that it would revert to the procurement proposals following the submission by the Secretary-General of his report on procurement reform. As at 31 January 2009, the report has yet to be submitted to the General Assembly. OIOS is not commenting in the present report on the procurement aspect of the restructuring because that aspect will be covered in its comprehensive audit of procurement at the Secretariat, which is still ongoing.

36. The Department of Field Support was created to deliver dedicated support to United Nations field operations, including on personnel, finance, logistical, communications, information technology and other administrative and general management issues. The Department of Field Support would also be a provider of services to the Department of Peacekeeping Operations and the Department of Political Affairs. Since the establishment of the Department of Field Support, however, the Secretary-General has not yet promulgated the Department's mandate, specifying its functions and organization.

37. Before the restructuring, the Office of Mission Support had a dual role in regard to established missions, as a service provider and at the same time managing the missions' support operations. That situation led to difficulties in clearly delineating the responsibilities and accountabilities between the then Office of Mission Support and field missions, and posed a risk of conflict of interests in evaluating each other's effectiveness and efficiency. The new Department of Field Support structure, when fully stabilized, would provide for clear and improved accountability. Also, the creation of the Department of Field Support would allow the Department of Peacekeeping Operations to focus on substantive peacekeeping issues. Concurrently, the establishment of the Department of Field Support further recognized the criticality of support issues in the success of a mission and acknowledged the risk that the Department of Management and the former Office of

Mission Support within the Department of Peacekeeping Operations could no longer meet the administrative support needs of peacekeeping operations owing to their growing volume and complexity.

38. Currently, the peacekeeping structure consists of two dedicated entities providing support to missions, that is, each mission's support component and the Department of Field Support. However, their roles and accountabilities are not clearly defined and differentiated. In the opinion of OIOS, a service-level agreement is needed to define and delineate each of these entities' roles. A service-level agreement is not only a good mechanism for such purposes, but is also an effective means to enforce accountabilities by providing for a formal definition of (a) services needed by each mission from the Department of Field Support and (b) benchmarks to measure the performance of the Department in providing support to missions, which have not yet been defined and agreed on. Department of Field Support management has acknowledged that service-level agreements can improve the Department's accountability and professionalism and has informed OIOS that it would develop service-level agreements with each mission as an important component of its overall support strategy. *The Department of Field Support planned to implement service-level agreements for the Department's clients upon the issuance of its departmental mandates and support strategy.* Also, service-level agreements could be an effective tool in guiding any future review of the support structure for peacekeeping operations.

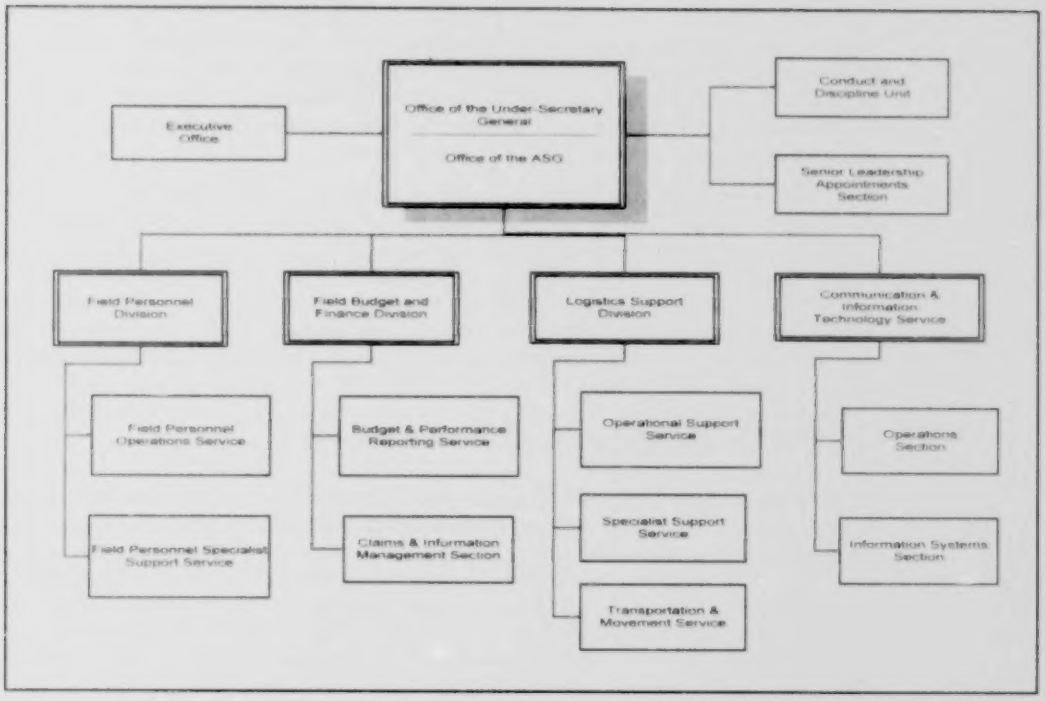
39. In addition to the two dedicated entities, the Department of Management is also involved in providing support to missions. It performs the procurement function and is responsible for managing and monitoring authorities and responsibilities in human resources and financial management that have been delegated to the Department of Field Support and field missions, as discussed in section VI of the present report.

Effectiveness and efficiency of the Department of Field Support

40. The Department of Field Support consists of four divisions: (a) the Field Personnel Division, to recruit, deploy and retain qualified mission personnel; (b) the Field Budget and Finance Division; (c) the Logistics Support Division, in charge of planning and providing engineering, aviation, transportations, fuel, food rations and other logistical requirements; and (d) the Communication and Information Technology Service (see figure III). The majority of heads of missions[7] surveyed by OIOS rated the overall support provided by the Department on logistics, finance and information and communication technology to be generally satisfactory but pointed out the need to improve the support in human resources management.

[7] The OIOS survey of the effectiveness of the Department of Field Support sought the opinions of the heads of missions led by the Department of Political Affairs and the Department of Peacekeeping Operations because the Department of Field Support provides support to both groups. The results from the two groups generally showed the same pattern.

Figure III
Department of Field Support: organization chart



Source: Department of Field Support Intranet site.

41. The Field Personnel Division faces enormous difficulties in delivering on this responsibility not only because of the dynamic peacekeeping environment but also owing to the human resources policies and operations of the Secretariat that were originally designed to support the operations at Headquarters, offices away from Headquarters and regional commissions. A great deal of efficiency is lost owing to the high number of procedural requirements, consisting of an estimated 355 personnel actions that require labour-intensive processing tasks. At the same time an integrated information system for human resources is lacking. As a result, the Field Personnel Division's day-to-day operations have been focused more on addressing these deficiencies and filling the gaps, leaving the Division without a margin of capacity to meet additional unexpected mission requests or circumstances. This situation leaves the Field Personnel Division with insufficient time to focus on strategic management, including planning ahead, establishing specific actions to achieve its targets, and managing and monitoring its performance against the established goals.

42. In addition to the above difficulties relating to and that apply to the whole of the Secretariat, the biggest challenge for the Field Personnel Division to address is the shortage of qualified mission human resources officers and the difficulties in recruiting and deploying them. This had resulted in the Division's taking on the workload of the missions. As at 30 November 2008, about 27 per cent of human resources officers posts in the Professional category in the missions were vacant.

Recognizing the human resources challenges, the Department of Field Support initiated the Senior Mission Administration and Resource Training Programme (SMART), which prepares staff for higher level appointments comprising six e-learning modules and three face-to-face workshops, and the Programme for Advanced Compendium of Trainees (PACT), which aims at recruiting, developing, and retaining a cadre of qualified external candidates for human resources officers positions in the field, training all areas of human resources functions. However, these programmes had not yet generated a sufficient number of qualified human resources officers.

43. The shortage of qualified human resources staff in the missions also hampered the further decentralization or delegation by the Department of Field Support of certain human resources functions to the missions. The Department has recently begun further decentralizing some human resources functions to missions for them to take up more authority and workload. The Department has not yet established a human resources strategy coherent with the authority delegated to the heads of missions to systematically address the shortage of qualified human resources staff.

VII. Role of the Department of Management

44. Any structure that consists of multiple departments is exposed to the risk of unclear ownership of responsibility, especially in the performance of functions that involve more than one department. With regard to peacekeeping operations, such a structure could lead to a responsibility gap or duplication between the Department of Management and the Department of Field Support. Delegation of authorities, if properly exercised and monitored, is one mechanism to share responsibilities for common functions and ensure the effective and efficient performance of functions that have been delegated. Towards that end, the Department of Management delegates specific fiduciary authorities and responsibilities in human resources, financial and procurement management to the Department of Field Support and field missions. Such delegation does not, however, relieve the initial authority holders of their responsibility for the appropriate use of such authority. On the contrary, the delegation of authority requires proper oversight and control. Hence, the Department of Management is responsible for monitoring whether the Department of Field Support is properly exercising authorities that have been delegated to it.

45. There were still unaddressed risks of duplication and a responsibility gap relating to the delegation of certain authorities, as discussed below.

A. For human resources management

46. The delegation of authority and responsibility for the recruitment and administration of mission personnel from the Assistant Secretary-General for Human Resources Management to the Department of Field Support was expanded in August 2007. The Field Personnel Division officers now have authorities for about half of the many personnel actions (172 of 355 personnel actions, per the Department's estimate) and are entrusted with performing significant human resources functions such as the handling of recruitments, promotions, entitlements[8]

[8] The report of the Secretary-General (A/61/858 and Corr.1) states that estimates for the cost of entitlements for international staff and travel of military observers and police exceed $700 million a year.

for approximately 22,000 civilian staff and 11,000 United Nations police, military observers and staff officers. Following are the weaknesses in the delegation of human resources functions:

(a) The delegation of authority was informal, which was inconsistent with the Department of Management requirement for formally designating and delegating mission human resources officers.[9] Hence, although the Field Personnel Division officers were performing human resources functions for the missions, they did not officially have authorities for those functions. The Department of Management stated that efforts to establish a formal delegation of authority, within the context of the contractual reform, are under way and that the Department is considering whether the formal delegation should be personal, such as to individual officers, or functional, that is, attached to the posts;

(b) There was a weakness in the current mechanism to ensure that all peacekeeping officers at Headquarters and in the field to whom human resources management authorities were to be delegated were qualified to execute them. OIOS, in its audit of the management of delegation of authority by the Department of Management,[10] found the need for the Department to establish a mandatory technical training and certification system for managerial appointees in human resources, financial management and procurement, as part of the requirements for delegating authorities. The Department of Field Support has developed some platforms that can be used in this regard such as the online features and contents of the SMART and PACT training programmes, which the Department of Management could use;

(c) The Department of Management did not regularly review and monitor whether the authorities it delegated to the Department of Field Support were properly executed. The Department of Management last conducted such a review of the authorities delegated to the then Personnel Management and Support Service, in 2004.

47. Moreover, an OIOS evaluation of the Office of Human Resources Management (see A/63/221) showed that most human resources officers at the Secretariat and in peacekeeping missions were of the opinion that the delegation of authority from the Office to their departments was working only "somewhat effectively". The evaluation also found the need for further clarification of roles between the human resources officers in peacekeeping missions and the Field Personnel Division and the Office of Human Resources Management as to whether peacekeeping missions and the Division have real decision-making authority without conferring with the Office or authority to process transactions only.

48. OIOS, in the above-mentioned audit and evaluation, has already made recommendations to address these weaknesses and will monitor the status of actions taken by the Department of Management in implementing the recommendations.

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[9] Secretary-General's bulletin of 13 April 2005 (ST/SGB/2005/7) on the designation of staff members performing significant functions in the management of financial, human and physical resources, and its subsequent guidelines approved by the Under-Secretary-General for Management on 14 November 2006.

[10] OIOS audit of the management of delegation of authority (AH2007/510/1).

B. For financial management and budgeting

49. A previous OIOS audit (see A/60/717) found duplication between the Accounts Division and the then Finance Management and Support Service, now the Field Budget and Finance Division in the Department of Field Support, in reviewing mission financial statements. The Department of Management and the Department of Field Support have since eliminated the duplication by consolidating the review function concerning mission financial statements under the Department of Management.

50. The audit also pointed out duplication between the Field Budget and Finance Division of the Department of Field Support and the Peacekeeping Finance Division of the Department of Management in reviewing mission budgets. The Field Budget and Finance Division initially reviewed the budgets submitted by missions, which were again reviewed by the Peacekeeping Finance Division. The Field Budget and Finance Division has, since the financial year 2007-2008, initiated the Abacus programme, which sends teams of Department of Field Support Headquarters budget officers to missions to assist and advise them on budget preparation. This programme has cut the budget-processing time between the missions and the Department of Field Support to a few days from three weeks. With Abacus, the Field Budget and Finance Division is essentially performing the role of an adviser rather than a reviewer. The continued, systematic deployment of Abacus teams could mitigate the risk of duplication between the Department of Field Support and the Department of Management and address the concerns raised by the Member States in General Assembly resolution 62/250 on the timeliness and quality of budget submissions.

VIII. Role of the Department of Safety and Security

51. In field missions, the heads of missions have the overall responsibility for the security and safety of mission personnel. However, the Department of Safety and Security is responsible for providing security support to ensure the implementation of the United Nations security management system at Headquarters and in field missions.

52. In its audit of the Department of Safety and Security (see A/63/379), OIOS recommended that the Department clarify the reporting lines of the Chief Security Adviser at offices away from Headquarters, regional commissions and other field locations, including field missions.

53. The Chief Security Adviser is the security professional appointed by the Under-Secretary-General for Safety and Security to advise the Designated Official and the Security Management Team on their security functions at the duty station. In this advisory capacity, the Chief Security Adviser reports both to the Designated Official, which in some cases is the head of mission, and to the Department of Safety and Security. The Chief Security Adviser also heads the Security and Safety Service at offices away from Headquarters and regional commissions, and in integrated missions, and is responsible for managing the Security Section of the peacekeeping/special political mission. In this operational capacity, the Chief Security Adviser reports to the Designated Official and to Department of Safety and Security.

54. The Chief Security Adviser also reports to the Department of Safety and Security because the Department is responsible for his or her technical supervision and for providing policy direction and operational guidance; however, the nature and scope of technical supervision, policy direction and operational guidance were not sufficiently clear. For example, the meaning of "technical supervision" varied depending on who interpreted the expression.

IX. Recommendations

Recommendation 1

55. The Secretary-General should extend the application of the Secretary-General's compact to the heads of missions, focusing on mandate implementation, as a mechanism to measure their performance and to ensure a clear reporting line and accountability between them and the Secretary-General. Also, the practice of Headquarters Assistant Secretaries-General compacts with their respective Under-Secretaries-General should be applied between the heads of missions and their deputies.

56. *The Executive Office of the Secretary-General agreed in principle with recommendation 1, pending the Management Performance Board's consideration, which is the mechanism that advises the Secretary-General in relation to the Senior Management Compacts. Also, the Department of Peacekeeping Operations, as the entity through which the heads of missions report to the Secretary-General, concurred with recommendation 1, but noted that: (a) its implementation would be complex and resource-intensive because the recommendation concerns over 40 Under-Secretaries-General and Assistant Secretaries-General in the field whose support staff rotate much more frequently than the leadership at the Secretariat; (b) it would require the involvement of the Department of Peacekeeping Operations, the Department of Field Support and the Department of Management; and (c) it would need to consider complex factors influencing the mandate implementation of field operations. Therefore a different approach would be required to ensure that the exercise is meaningful to the Under-Secretaries-General and Assistant Secretaries-General in the field, while also complying with organizational accountability measures and taking into consideration the resources and timelines for the implementation of the recommendation.*

Recommendation 2

57. The Secretary-General should revise the mandates of all Secretariat departments involved in peacekeeping operations, reflecting their roles in light of the recent reorganization of the peacekeeping structure and any major reorganization, to clearly define their accountabilities for managing and sustaining peacekeeping operations.

58. *The Executive Office of the Secretary-General agreed with recommendation 2 and stated that it would work with the respective departments involved in peacekeeping operations to revise their mandates in order to bring greater clarity to the division of labour and accountability lines among those departments.*

Recommendation 3

59. The Under-Secretaries-General for Peacekeeping Operations and Field Support should co-sign the Department of Peacekeeping Operations Concept of Operations and the Department of Field Support Support Plan for launching new missions to enhance integration and accountability between the two Departments.

60. *The Department of Peacekeeping Operations and the Department of Field Support accepted recommendation 3 and stated that they would provide an update on the status of implementation during the next reporting cycle.*

Recommendation 4

61. The Department of Peacekeeping Operations and the Department of Field Support should develop and circulate mission and vision statements to the staff and stakeholders.

62. *The Department of Peacekeeping Operations and the Department of Field Support accepted recommendation 4. The Department of Field Support stated that its vision and mission statements were part of its support strategy soon to be finalized.*

Recommendation 5

63. The Department of Peacekeeping Operations and the Department of Field Support should clarify the expected accomplishments for the new structure and establish benchmarks for the measurement of the efficiencies and improvements resulting from the recent restructuring.

64. *The Department of Peacekeeping Operations and the Department of Field Support accepted recommendation 5, stating that they would ensure that performance metrics were incorporated into their departmental plans.*

Recommendation 6

65. The Department of Peacekeeping Operations, in coordination with the African Union, should establish performance targets and milestones for the 10-year project to develop the African Union's capacity to conduct peacekeeping operations and a programme to monitor the targets and milestones periodically.

66. *The Department of Peacekeeping Operations accepted recommendation 6 and stated that it would provide an update on the status of implementation during the next reporting cycle.*

Recommendation 7

67. The Department of Field Support should establish service-level agreements with each head of field mission and the Under-Secretaries-General for Peacekeeping Operations and Political Affairs, defining the support services to be provided, the related performance indicators and the responsibilities of the recipients of the Department of Field Support services, namely the Department of Peacekeeping

Operations, the Department of Political Affairs and missions, to enable a structured and independent evaluation of the performance of the Department of Field Support and to enhance its accountability as a professional service provider.

68. *The Department of Field Support accepted recommendation 7, stating that it considered service-level agreements as important components of its support strategy.*

Recommendation 8

69. The Department of Field Support, in consultation with the Department of Management, should develop a programme to generate and train an adequate number of human resources officers qualified to perform human resources management functions for peacekeeping.

70. *The Department of Field Support accepted recommendation 8 and stated that it was taking a holistic approach towards the establishment of a cadre of qualified Chief Civilian Personnel Officers and human resources officers, which aims at creating and maintaining a high standard of professionalism in human resources management. This includes several training initiatives under progress such as the annual conference of Chief Civilian Personnel Officers, PACT, SMART and a set of comprehensive and structured e-learning and face-to-face certification programmes. The Department stated that the first PACT class, consisting of 10 human resources officers, graduated in 2008 and that PACT classes would continue on an annual basis. The SMART programme, completed with a group of 40 staff members in 2008, will train two classes of 40 participants in 2009.*

Recommendation 9

71. The Department of Field Support should establish a human resources strategy coherent with the authority delegated to the heads of missions to systematically address the shortage of qualified human resources staff.

72. *The Department of Field Support accepted recommendation 9, stating that the implementation was in progress. The Department commented that it has developed a structured and systematic human resources management training programme, including PACT, aiming at recruiting, developing, and retaining a cadre of qualified external candidates for human resources officer positions in the field. The Department explained that PACT trains all areas of human resources functions, roles and responsibilities; recruitment, selection and on-boarding; classification and compensation; policy issues; career development and performance management; use of United Nations information management systems within human resources management; and administration of benefits and entitlements.*

Recommendation 10

73. The Department of Management should: (a) formalize the delegation of human resources authorities to the Department of Field Support for personnel actions on behalf of the missions to enhance accountability and exercise necessary oversight; (b) expedite the development and implementation of the mandatory training and certification programme for the Department of Field Support officers who would be assuming human resources functions; and (c) conduct regular monitoring of the use

by the Department of Field Support of human resources authorities that have been delegated to it.

74. *The Department of Management accepted recommendation 10 and stated that: (a) efforts to establish a formal delegation of authority, within the context of the contractual reform, were under way; (b) there was a need for a training and certification programme but the development and delivery of training programmes would have financial implications for the Office of Human Resources Management; and (c) it was preparing a new, strengthened monitoring framework through the implementation of the human resources action plans and the human resources-related indicators, in such areas as recruitment, self-administration, performance management and staff development, within the Secretary-General's compacts to the Under-Secretaries-General.*

(*Signed*) Inga-Britt **Ahlenius**
Under-Secretary-General for Internal Oversight Services

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Sixty-third session
Agenda item 48
Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the preparation of the 2008 Review Conference

Recommendations of the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System

Note by the President of the General Assembly

1. The outbreak of the financial crisis in 2008 originated in the advanced developed countries, but it has spread quickly to become a world economic crisis affecting all countries, including the emerging economies and less developed countries.

2. To review the workings of the global financial systems and to explore ways and means to secure a more sustainable and just global economic order, I have convened a Commission of Experts, chaired by Professor Joseph Stiglitz, 2001 Nobel Prize winner in economics, comprising a group of outstanding economists, policymakers, and practitioners from Japan, Western Europe, Africa, Latin America and South and East Asia. These experts were chosen based on their comprehensive understanding of the complex and interrelated issues raised by the workings of the financial system. The members of the Commission are also individuals recognized for their strong grasp of the strengths and weaknesses of existing multilateral institutions as well as their sensitivity to the particular challenges facing countries from different regions of the world and at different levels of economic and social development.

3. Following the interactive, thematic dialogue on the world financial and economic crisis and its impact on development, held at United Nations Headquarters from 25 to 27 March 2009, and the constructive observations put forward by representations of Member States and civil society on that occasion, I have the pleasure to transmit the recommendations of the Commission of 5 April 2009 for your consideration. I trust that the Members of the General Assembly will find these recommendations useful as they prepare for the Conference on the World Economic and Financial Crisis and Its Impact on Development, to be convened in accordance with General Assembly resolution 63/277, from 1 to 3 June 2009.

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Please recycle

Recommendations of the Commission of Experts of the President of the General Assembly on reform of the international monetary and financial system*

I. Preamble

1. The rapid spread of the financial crisis from a small number of developed countries to engulf the global economy provides tangible evidence that the international trade and financial system needs to be profoundly reformed in order to meet the needs and changed conditions of the twenty-first century. Past economic crises have had a disproportionately adverse impact on the poor, who are least able to bear these costs, and can have consequences long after the crisis is over. It is thus important to recognize that this is not only an economic, but also a social crisis.

2. While it is important to introduce structural changes to adapt the international system to prevent future crises, this cannot be achieved without significant immediate measures to promote recovery from the current crisis. Such changes should be designed to protect the poorest in the least developing countries — many of which are located in sub-Saharan Africa — who will bear a heavy burden of adjustment. According to the International Labour Organization (ILO), some 200 million workers, mostly in developing economies, could be pushed into poverty if rapid action is not taken to counter the impact of the crisis. Even in some advanced industrial countries, millions of households are faced with the threat of losing their homes and their access to health care, while economic insecurity and anxiety is increasing among the elderly as they lose their life savings in the collapse of asset prices. ILO estimates that the number of unemployed in 2009 could increase by some 30 million over 2007, and could reach more than 50 million if conditions continue to deteriorate.

3. In an increasingly integrated world economy, the welfare of developed and developing countries is mutually interdependent. Short-term measures to stabilize the current situation must ensure the protection of the world's poor, while long-term measures to make another recurrence less likely must ensure sustainable financing to strengthen the policy response of developing countries. Without a truly inclusive response, recognizing the importance of all countries in the reform process, global economic stability cannot be restored, and economic growth and poverty reduction worldwide will be threatened.

4. This inclusive global response will require the participation of the entire international community; it must encompass more than the Group of 7, the Group of 8 and the Group of 20, but also representatives of the entire planet, the Group of 192. It was in response to this need that the President of the General Assembly created the Commission of Experts to address the measures needed to meet the crisis and to recommend longer-term reforms. Recognizing the work being undertaken by the Group of 8, the Group of 20 and by other bodies, the Commission sees its own work as complementary, seeking to focus on the impacts of the crisis and the responses to it on poverty and development.

* Information on the Commission of Experts is available at www.un.org/ga/president/63/commission/financial_commission.shtml.

5. Reform of the international system must have as its goal the better functioning of the world economic system for the global good. This entails simultaneously pursuing long-term objectives, such as sustainable and equitable growth, the creation of employment in accordance with the "decent work" concept, the responsible use of natural resources, and the reduction of greenhouse gas emissions, as well as other more immediate concerns, including addressing the challenges posed by the food and financial crises. As the world focuses on the exigencies of the moment, the long-standing commitments to the achievement of the Millennium Development Goals and to protecting the world against the threat of climate change must remain the overarching priorities; indeed, appropriately designed global reform should provide an opportunity to accelerate progress toward meeting these goals. While the world will eventually recover from the global economic crisis, the resolution of other challenges, including that posed by global warming, additional measures will be required. The conjunction of huge unmet global needs, including responding to the challenges of global warming and the eradication of poverty, in a world with excess capacity and mass unemployment is unacceptable.

II. Responding to the global financial crisis

6. Sustainable responses to the crisis require the identification of factors underlying the crisis and its rapid spread around the world. Loose monetary policy, inadequate regulation and lax supervision interacted to create financial instability. The results are manifest in the large global imbalances whose disorderly unwinding in the absence of prompt countercyclical measures may aggravate the crisis.

7. Part of the reason for inadequate regulation was an inadequate appreciation of the limits of markets, what economists call "market failures". While such failures arise in many markets, they are particularly important in financial markets and can have disproportionately large consequences as they spill over into "real" economic activity.

8. In this context, the conduct of monetary policy can be traced in part to an attempt to offset an insufficiency of global aggregate demand, aggravated by increasing income inequality within most countries. Monetary conditions were also influenced by the accumulation of foreign exchange reserves by some emerging market countries seeking protection from global instability and onerous conditions traditionally attached to assistance from the multilateral financial institutions.

9. The current crisis reflects problems that go beyond the conduct of monetary policy and regulation of the financial sector; it involves deeper inadequacies in areas such as corporate governance and competition policies. Many of these failings, in turn, have been supported by a flawed understanding of the functioning of markets, which also contributed to the recent drive towards financial deregulation. These views have been the basis for the design of policies advocated by some of the international economic institutions and for much of the architecture of globalization.

10. More generally, the current crisis has exposed deficiencies in the policies of some national authorities and international institutions based on previously fashionable economic doctrines, which held that unfettered markets are, on their own, quickly self-correcting and efficient. Globalization too was constructed on these flawed hypotheses, and while it has brought benefits to many, it has also enabled the defects in one economic system to spread quickly around the world, bringing recessions and increased poverty even to developing countries that have

good regulatory frameworks, created effective monetary institutions and implemented sound fiscal policies.

11. The principles and recommendations outlined in the present report seek to address both the need to take immediate action to resuscitate the global economy as well as the need to act to resolve underlying structural problems. They focus both on feasible steps that can and should be taken immediately and the deeper medium- and longer-term reforms that must now be initiated to help restore confidence in our economic system, reduce the likelihood of another such crisis and strengthen the international community's capacity to respond to a crisis if it should occur.

12. In analysing appropriate national and global responses to the crisis, the Commission noted the following principles:

(a) Failure to act quickly to address the global economic downturn would inevitably increase its depth and duration and the eventual cost of creating a more balanced and robust recovery;

(b) In a globally integrated world, the actions of any one country have effects on others. Too often these externalities are not taken into account in national policy decisions. Developed countries, in particular, need to be aware of the adverse consequences of these externalities, and developing countries need frameworks to help protect themselves from regulatory and macro-economic failures in systemically significant countries;

(c) Developing countries should have an expanded scope to implement policies and create institutions that will allow them to implement appropriate counter-cyclical policies;

(d) Advanced industrial countries should observe their pledges not to undertake protectionist actions and, even more importantly, ensure that stimulus packages and recovery programmes do not further distort the economic playing field and further increase global imbalances;

(e) Measures to restore domestic financial markets in developed countries through subsidies to financial institutions have been accompanied by a sharp reduction in flows of capital to developing countries. It is important to ensure that these measures do not create a new form of financial protectionism. Financial subsidies can be just as detrimental to the efficiency of a free and fair trading system as tariffs. Indeed, they may be far more inequitable, because rich countries have more resources to support subsidies;

(f) Greater transparency on the part of all parties in responding to the crisis is necessary. More generally, democratic principles, including inclusive participation in decision-making, should be strengthened and respected;

(g) The crisis is, in part, a result of excesses in deregulation of financial markets and in international trade. Restoring the global economy to health will require restoring a balance between the role of the market and the role of the State. Both the global economic crisis and the global climate crisis are associated with massive externalities that can only be addressed by appropriate global collective action;

(h) In taking policy actions it is imperative to ensure that they do not exacerbate the current crisis through their impact on other countries or result in

structural changes that increase future instability or reduce future growth. For example, in some countries the response to the excessive risk undertaken by financial institutions that were too big to fail has resulted in bank consolidation, which increases such risks in the future;

(i) If the world is to emerge from the crisis into sustainable, balanced growth, it is essential that Governments undertake reforms that address some of the underlying factors that contributed to the current economic crisis — it is not enough simply to return to the status quo ex ante. Initiation of such reforms may, in addition, produce immediate dividends in the form of enhanced confidence;

(j) Appropriately designed short-run measures may be complementary to long-term goals, especially those related to climate change and the environment. The policies for recovery should include large-scale environmental investments. Such investments, in both the public and private sectors, can be brought about by strong incentives and deep reforms of national and international policy frameworks, including the introduction of price measures on carbon emissions.

III. Immediate measures

13. The current crisis must be met with rapid and effective measures, but it must also lay the basis for the long-term reforms that will be necessary if we are to have a more stable and more prosperous global economy and avoid future global crises.

14. The following 10 immediate measures are essential for global recovery.

1. All developed countries should take strong, coordinated and effective actions to stimulate their economies:

(a) Stimulus should be timely, have large "multipliers", help address the strains posed by the economic downturn on the poor, help address long-term problems and prevent instability. While decisions on stimulus are national, they should be judged on their global impacts; if each country looks only at the national benefits versus costs, for example an increase in the national debt, the size of the global stimulus will be too small, spending will be distorted and the global impact will be eviscerated;

(b) If developing countries are unable to mobilize the required resources to finance domestic stimulus policies, they may have to introduce procyclical policies that counter the positive impact on global growth of the stimulus policies in developed countries. Sufficient financing must thus be made available to all countries to ensure that the policies of both developed and developing countries are complementary and that they reinforce global recovery;

(c) National stimulus packages should thus include spending measures to be undertaken in developing countries to offset the impact of the decline in world trade and financial market disintermediation. Industrialized countries should dedicate at least 1 per cent of their stimulus packages to support the recovery of developing countries, in addition to augmenting traditional official development assistance commitments. To ensure that the financing of stimulus policies in developing countries does not lead to additional external indebtedness that would offset their benefits, financing of stimulus packages should be implemented through grants as well as loans.

2. **Developing countries need additional funding:**

(a) Developing countries will need substantial additional funding to participate effectively in a global stimulus. Sources of funding for developing countries that could be activated quickly and are not subject to inappropriate conditionality are necessary. Indeed, additional funding is required just to offset the imbalances and inequities created by the massive stimulus and bail-out measures introduced in the advanced industrialized countries. Additional funding from developed countries is also required for climate change adaptation and mitigation in developing countries, as is currently being negotiated under the United Nations Framework Convention on Climate Change. Such funding should be made available within a short time frame;

(b) An important source of funding could be provided immediately by completion of the issuance of special drawing rights approved by the Board of the International Monetary Fund (IMF) in September 1997 through the proposed fourth amendment to the Articles of Agreement of the Fund, that is, to double cumulative allocations of special drawing rights to $42.8 billion. In addition, rapid action should be taken to provide for the issuance of additional special drawing rights through standard procedures in the amount of at least $250 billion per year for the duration of the crisis;

(c) In addition, regional efforts to augment liquidity should be supported. For instance, the extension of liquidity support under the Chiang Mai Initiative without an IMF programme requirement should be given immediate consideration. Regional cooperation arrangements can be particularly effective because of a greater recognition of cross-border externalities and greater sensitivities to the distinctive conditions in neighbouring countries;

(d) These additional sources of funding should be in addition to traditional official development assistance. Failure to maintain the levels of official development assistance will have long-term effects. There will be an increase in poverty and malnutrition and the education of many young people will be interrupted, with lifelong effects. The sense of global social solidarity will be impaired, making agreement on key global issues, such as responding to the challenges of climate change, more difficult. Failure to provide such assistance can be counterproductive even in a more narrow sense: it can impair the global recovery;

(e) Developed countries must make a renewed effort to meet the commitments made in the Millennium Declaration, the Monterrey Consensus, the 2005 World Summit and the Doha Declaration by 2015.

3. **Additional funds for developing countries, including through a new credit facility and new methods of disbursement:**

(a) Developing countries will require access to additional funding in order to participate in global stimulus measures as well as to finance the additional measures needed to: protect the most vulnerable by strengthening social protection; provide trade finance and finance to private corporations whose sources of international credit may have dried up; and bolster domestic financial institutions weakened both by the withdrawal of funds and the precipitous collapse of export earnings;

(b) In order to mobilize additional funds, the creation of a new credit facility is a matter of urgency. The current system does not provide an efficient mechanism for mobilizing the funds available in countries that have accumulated large reserves. It would be beneficial for all participants in the global economy if savings from emerging markets could be utilized in support of developing countries. Existing facilities do not meet these needs for two reasons. Government agencies in some emerging market countries are reluctant to provide development funds to existing multilateral institutions because these countries are often underrepresented in their governance structures and because they perceive the policy advice and conditionalities provided by such institutions as inappropriate to the needs of developing countries. **The reluctance of many countries to accept assistance from certain institutions and the reluctance of some potential lenders to provide funds to certain institutions constitutes an impediment that may not be fully addressed by the reforms that are likely to be made in the short-run.** In addition, there is a lack of appropriate funding facilities to respond to the interests of some developing countries with high reserves, such as sovereign wealth funds that seek investment possibilities with acceptable return and limited risk. The current financial system does not provide this intermediation facility;

(c) The new funding facilities should be designed with the intention of attracting funds from countries that have accumulated large international non-borrowed reserves. These funding commitments could be backed by guarantees provided by advanced industrial countries. They could be leveraged by borrowing in global financial markets. With regard to the utilization of the funds, there are different (complementary) options. First, there is an urgent need for balance-of-payment and budget financing, with the objective of increasing developing countries' capacities for anti-cyclical fiscal expenditures. Second, the funds could be used for key investments, where some of the emerging markets have a particular interest, such as developing agriculture in African countries, including their capacity to export, thus contributing to food security in other regions, for example in Asian and Arab countries. Another possibility is to use those funds to help developing countries finance guarantees for trade credit or for the debt of their corporations, forestalling the risk of a run on these corporations;

(d) Such facilities would require a different governance structure from existing global financial institutions, reflecting the new sources of global financing and the necessity of giving a greater voice to emerging markets and countries providing the funds, but also by giving voice to recipient countries. They could be located under the umbrella of existing institutions — such as the World Bank or regional development banks, where developing countries are already strongly represented — or established as a new institution. There is no dominant view among the members of the Commission on the location of the new facility. In any case, it would be vitally important that the facilities adhere to current international standards, in particular social and environmental safeguards.

4. Developing Countries need more policy space:

(a) Conditionality continues to be attached to official lending and support provided by international financial institutions. These conditionalities contribute to global asymmetries, disadvantage developing countries relative to developed countries, undermine incentives for developing countries to seek support funding and contribute to global economic weakness. Other conditions required or

encouraged countries to adopt the deregulatory financial policies that are now recognized to have contributed to the current economic crisis;

(b) Developing countries, in particular, need policy frameworks that can help protect them from regulatory and macro-economic failures in systemically significant countries. Developing countries have had imposed on them not only deregulation policies akin to those that are now recognized as having played a role in the onset of the crisis, but they have also faced restrictions on their ability to manage their capital account and financial systems (for example as a result of financial and capital market liberalization policies); these policies are now exacting a heavy toll on many developing countries.

5. **The lack of coherence between policies governing trade and finance must be rectified:**

Policy space is circumscribed by a lack of resources and the imposition of conditionalities, as well as by international agreements that often accompany assistance. Many bilateral and multilateral trade agreements contain commitments that limit the ability of countries to respond to the current crisis with appropriate regulatory, structural and macro-economic reforms and rescue packages, and may have exposed them unnecessarily to the contagion from the failures elsewhere in the global economic system.

6. **Crisis response must avoid protectionism:**

Overt protectionism includes tariffs and domestic restrictions on procurement contained in some stimulus packages. Because of complex provisions and coverage of international trade agreements, seemingly "symmetric" provisions (for example, exceptions to the application of provisions to countries covered by particular World Trade Organization agreements or other international agreements) can have markedly asymmetric effects. Subsidies, implicit and explicit, can, as has been noted, be just as distorting to open and fair trade. There may, in some cases, be pressure for banks receiving large amounts of government assistance to focus on lending domestically. While the temptation that gives rise to such measures is understandable, efforts need to be made to finance additional support to developing countries to mitigate the impact of the crisis and of both open and hidden subsidies (that is, State assistance through lending programmes and guarantees) in order to avoid further distortions.

7. **Opening advanced country markets to the exports of least developed countries:**

While a successful completion of the Doha trade round would be welcome, its impact on the crisis and its development dimension are still unclear. There are, however, a number of measures that have already been agreed to in multilateral trade negotiations that could be implemented rapidly to support developing countries impacted by the crisis. These include implementation of duty-free, quota-free market access for products originated from least developed countries. In addition, the agreement reached in the WTO Hong Kong Ministerial Declaration of 2005, which provided for the elimination of all forms of developed country export subsidies, at the latest by 2013, should be implemented immediately. There is no reason to wait for a general agreement before implementing these measures. In addition, domestic support for cotton subsidies should be abolished immediately, as

they distort prices to the detriment of African countries. More generally, in all trade negotiations, the long-recognized principle of special and differential treatment of developing countries should be preserved.

8. Learning from successful policies to undertake regulatory reforms:

(a) The financial crisis is widely viewed as being the result of the failure of regulatory policies in the advanced industrial countries. While full regulatory reforms will take time, it is imperative that work on regulatory reform begin now. The collapse in confidence in the financial system is widely recognized as central in the economic crisis; restoration of confidence will be central in the recovery. But it will be hard to restore confidence without changing the incentives and constraints facing the financial sector. It is imperative that the regulatory reforms be real and substantive and that they go beyond the financial sector to address underlying problems in corporate governance and competition policy, and in tax structures, giving preferential treatment to capital gains that may provide incentives for excessive leverage;

(b) While greater transparency is important, much more than improving the clarity of financial instruments is needed. Even had there been full disclosure of derivative positions, their complexity was so great as to make an evaluation of the balance sheet position of the financial institutions extraordinarily difficult. There is still a need for much greater transparency, including forbidding off-balance-sheet transactions and full expensing of employee stock options;

(c) Well-regulated economies have to be protected from competition from economies with inadequate or inappropriate regulatory systems. The problems of regulatory arbitrage and tax evasion are closely linked. Tax havens and financial centres in both developed and developing countries that fail to meet basic standards of transparency, information exchange and regulation should be given strong incentives to reform their practices, for example by restricting transactions with financial institutions in those jurisdictions. Institutional arrangements for improving harmonization and transparency should be strengthened, including the United Nations Committee of Experts on International Cooperation in Tax Matters, which should be transformed into an intergovernmental organ. In addition, other international arrangements and conventions, such as the United Nations Convention against Corruption, should also be strengthened.

9. Coordinating the domestic and global impact of government financial sector support:

(a) Government bail-outs have substantial redistributive consequences that must be analysed in assessing their impact on recovery. In addition, because of the urgency of the situation, they often fail to observe principles of good governance and especially of democratic transparency. This may lead to the introduction of inappropriate incentives, as well as failure to recognize possible adverse effects on other countries, especially on developing countries that lack equivalent financial resources. Developed countries should undertake financial support policies recognizing that even symmetric policies can have asymmetric effects because guarantees by developing country Governments are likely to be less meaningful than those by the Governments of developed countries;

(b) Failure to recognize these wider domestic and global consequences of financial support measures have often meant that the costs to Governments and to developing countries have been higher than necessary. Funds have often been redistributed to those with higher incomes, and have thus created distorted incentives. Support measures for financial institutions that are implemented by central banks risk imposing high costs on the public purse, without adequate parliamentary oversight of appropriations. Greater transparency on the part of all parties would facilitate a more effective response to the crisis.

10. Improved coordination of global economic policies:

(a) There is a need for substantial improvement in the coordination of global economic policy. Global economic integration has outpaced the development of the appropriate political institutions and arrangements for governance of the global economic system. Remedying this lacuna is a matter of urgency, but it will not happen overnight.

(b) In the short term, there should be an appropriate mechanism within the United Nations system for independent international analysis of questions of global economic policy, including its social and environmental dimensions. Following the successful example of the Intergovernmental Panel on Climate Change, an expert panel could be created to offer advice to the General Assembly and the Economic and Social Council, as well as to relevant international organizations, to: enhance their capacity for sound decision-making in these areas; identify gaps and deficiencies in the global economic architecture; and assess progress and problems in the functioning of the global economic and social system. At the same time, such a panel would contribute to the fostering of a constructive dialogue and offer a regular venue for fruitful exchange between policymakers, the academic world and key international organizations. The panel should comprise well-respected academics from all over the world, representing all continents, including representatives of international social movements. The panel should be able to follow, analyse and assess long-term trends, key developments and major dynamics for global change affecting all peoples around the globe, identify problems in the global economic and financial architecture and provide options for coherent international action and recommendations for political decision-making processes.

IV. Agenda for systemic reforms

15. There is an equally important agenda of deeper systemic reforms to the international system that should begin now, if the recovery is to be sustainable.

A. A new global reserve system

16. The global imbalances that played an important role in this crisis can only be addressed if there is a better way of dealing with international economic risks facing countries than the current system of accumulating international reserves. Indeed, the magnitude of this crisis and the inadequacy of international responses may motivate even further accumulations, contributing to the deflationary bias in the global system and impairing prospects for a robust recovery. Inappropriate responses by some international economic institutions in previous economic crises have

contributed to the problem. In addition, the difficulties associated with the dominant use of a single national currency as the international reserve currency are well known and solutions have been proposed in the form of a global reserve system. Such a system could be based on an expanded role for the special drawing rights, with regular or cyclically adjusted emissions calibrated to the size of reserve accumulations. Such a system would be in the interest of all countries and would contribute to global stability, economic strength and global equity.

17. Rapid introduction of the new global reserve system would represent an important step in global recovery. A transition process could be initiated based on an annual emission of at least $250 billion special drawing rights during the duration of the current crisis. These emissions would be an important source of funding for developing countries needing additional funds in order to cope with the crisis and build confidence in the viability of a new reserve system. The final report of the Commission will include a discussion of a number of institutional arrangements (including systems for allocating new emissions) for the new global reserve system, as well as a discussion of the transition and steps to ensure that it enhances stability.

18. Currently, poor countries are lending to the rich reserve countries at extremely low interest rates, which has increased the gap between the opportunity cost of their resources held as reserves and the returns they receive. Moreover, the emergency measures introduced in support of developed country financial systems have brought radical changes in the management of central bank balance sheets, and in some countries have produced large increases in Government debt to gross domestic product (GDP) ratios. This has generated concern and anxiety over the long-term stability of the value of the assets held as reserves in developed country financial markets and created additional uncertainty concerning the stability of global financial markets.

19. The risks of instability, deflationary bias and the potential accumulation of debt in a single-country reserve system have long been recognized. However, the crisis, and the problems that have emerged as a result in the current reserve system, has made reform a matter of urgency. But, a two- (or three-) country reserve system, to which the world seems to be moving, may be equally unstable. The new global reserve system is feasible, non-inflationary and could be easily implemented, including in ways that mitigate the difficulties caused by asymmetric adjustment between surplus and deficit countries.

B. Reforms of the governance of the international financial institutions

20. There is a growing international consensus in support of reform of the governance, accountability and transparency of the Bretton Woods institutions and other non-representative institutions that have come to play a role in the global financial system, such as the Bank for International Settlements, including its various committees, and the Financial Stability Forum. These deficiencies have impaired the ability of these institutions to take adequate actions to prevent and respond to the crisis and have meant that some of the policies and standards that they have adopted or recommended disadvantage developing countries and emerging market economies. Major reforms in the governance of these institutions, including those giving greater voice to developing countries and greater transparency, are thus necessary.

21. The reform of the governance structure of the World Bank should be completed swiftly. For the second stage of the reform, focusing on the realignment of shares, three criteria could be taken into account: economic weight; contribution to the development mandate of the World Bank (for example, measured in terms of contributions to the International Development Association and trust funds); and the volume of borrowing from the Bank.

22. In regard to IMF, serious consideration should be given to restoration of the weight of basic votes and the introduction of double or multiple majority voting.

23. Elections of the leaders of the World Bank and IMF should take place under an open democratic process.

C. A global economic coordination council

24. As a complement to the existing specialized institutions and ad hoc intergovernmental groups of restricted membership, a globally representative forum should be created to address areas of concern in the functioning of the global economic system in a comprehensive way. At a level equivalent with the General Assembly and the Security Council, such a global council should meet annually at the Heads-of-Government level to assess developments and provide leadership in economic, social and ecological issues. It would promote development, secure consistency and coherence in the policy goals of the major international organizations and support consensus-building among Governments on efficient and effective solutions for issues of global economic governance. Such a council could also promote the accountability of all international economic organizations, identify gaps that need to be filled to ensure the efficient operation of the global economic and financial system and help set the agenda for global economic and financial reforms and would be supported intellectually by the work of the international panel discussed in paragraph 14 above. Representation would be based on the constituency system and would be designed to ensure that all continents and all major economies are represented. At the same time, its size should be guided by the fact that the council must remain small enough for effective discussion and decision-making. Important global institutions, such as the World Bank, IMF, WTO, ILO and entities of the United Nations Secretariat dealing with economic and social issues would provide supporting information and participate in the council, which could thus provide a democratically representative alternative to the Group of 20.

D. Better and more balanced surveillance

25. The intensity of surveillance of economic policies should be calibrated to the systemic significance of the country. Responsibility for surveillance should be separate and independent from lending institutions, and should also be subject to effective political accountability. There should be a broad mandate to cover not only price inflation, but also levels of unemployment, sources of instability for the global financial system and the impact of built-in stabilizers, or destabilizers, and systems of social protection.

V. Reforming central bank policies to promote development

26. Whereas price stability is desirable in support of growth and financial stability, it is not sufficient. Central banks should therefore aim to ensure price stability in the context of delivering long-term sustainable growth while maintaining sensitivity to risks to financial stability, capital flows and exchange rates. Central banks also need to give consideration to financial market and asset price developments. This may entail central banks using a wider range of instruments, including prudential instruments. A distinction may need to be made between the roles of central banks in maintaining financial stability under normal circumstances and during crisis periods. Central bank governance arrangements may need to differ depending on their precise role. In particular, any actions which may impose serious risks on a country's fiscal position, such as those now being implemented in many countries as part of financial institution resolutions, should be subject to coordination.

VI. Financial market policies

27. Financial policies, including regulation, have as their objective not only ensuring the safety and soundness of financial institutions and stability of the financial system, but also protection of bank depositors, consumers and investors and ensuring financial inclusion — such as access to all banking services, including credit, and the provision of financial products that help individuals and families manage the risks they face and gain access to credit at reasonable terms. It is also imperative to make sure that the sector is competitive and innovative.

28. Financial institutions have been allowed to grow to be too big to fail, imposing enormous risk to the global economy. And while there has been innovation, too much of it has been aimed at regulatory, tax and accounting arbitrage, and too little at meeting the real needs of ordinary citizens. Too little was done to help developing countries and ordinary homeowners manage the risks they face, with consequences that have repeatedly been made apparent. Financial regulation must be designed so as to enhance meaningful innovation that improves risk management and capital allocation.

29. The current crisis has made it clear that there are large gaps and deficiencies in the regulatory structures in place in many systemically significant countries. It is also apparent that while effective regulatory system must be national, there must be some global regulatory framework to establish minimum national standards and to govern the global operations of systemically relevant global financial institutions. The final report of the Commission will identify a number of key aspects of regulatory reform, emphasizing the need for deep and pervasive reforms and highlighting the risks of merely cosmetic changes in regulations. The following items are among the key aspects of needed reform.

A. Financial product safety

30. Sustainable recovery will depend on appropriate regulations (across countries, products and institutions). Regulations should be based on what things are, not what they are called, that is, insurance products should be regulated the same way, whether called insurance or not. Financial regulators should be mandated to

ascertain the safety and appropriate use of various financial instruments and practices, including through the creation of a financial products safety commission.

31. Core depository institutions should be restricted from undertaking excessively risky activities and should be tightly regulated. Close oversight over all highly leveraged and systemically significant institutions is necessary, but there should also be oversight over all financial institutions. Institutions can quickly become systemically significant.

B. Comprehensive application of financial regulation

32. The fact that correlated behaviour of a large number of institutions, each of which is not systemically significant, can give rise to systemic vulnerability makes oversight of all institutions necessary. There needs to be tighter regulation of incentives, especially in the core institutions; part of the current problem is a result of distorted incentives that encouraged short-sighted and excessively risky behaviour. It may be easier to increase public oversight over existing incentives rather than to prohibit every instance of perverse incentives. Restrictions on leverage, with automatic countercyclical capital adequacy and/or provisioning requirements, are needed.

33. The regulation of the activities of private investment funds, equity funds and hedge funds is not globally uniform, creating the potential for regulatory arbitrage. Funds should be registered in the countries of their operations and provide appropriate reporting to regulatory authorities. In addition, banks must define limits for transactions with hedge funds.

34. There should be no retreat from mark-to-market accounting for institutions with short-term funding in order to provide full transparency for investors and regulators. Other institutions may be encouraged to supplement mark-to-market accounting with valuations that are more appropriate to the maturity of their liabilities. In addition, steps should be taken to enforce transparency norms and public accountability for all public companies.

C. Regulation of derivatives trading

35. The large-scale use of unregulated, unsupervised over-the-counter derivatives has resulted in undue complexity, opacity and mispricing of these instruments, and has facilitated the evading of meeting capital adequacy requirements by financial institutions. These practices have weakened our financial system significantly and have made the resolution of failing firms extremely difficult.

36. Regulations should ensure that derivative instruments are held on balance sheets, valued at independently audited real transaction prices, with appropriate capital provisioning and clarity of purpose. Standardization of contracts and the registration of transactions on regulated exchanges should be adopted wherever possible, with the associated regulatory restrictions, including limits on non-commercial traders. Complex, customized, over-the-counter derivatives that cannot be standardized or that do not generate sufficient volume to be traded on an exchange should, when used by core institutions, be accompanied by a higher margin

capital charge than those traded on exchanges. Institutions using non-standardized contracts should be subject to more intensive supervision by regulatory authorities.

D. Regulation of credit rating agencies

37. A major reform of credit rating agencies and their role in the financial system will have to be undertaken. When financial regulations make use of credit ratings, regulators must have a mechanism to evaluate the quality of ratings provided. They must also consider mechanisms for avoiding conflict of interest in the provision of ratings by the agencies, and may consider the scope for encouraging new actors so as to encourage competition in the business of credit rating. The reforms needed in this field and in the systems of information provision will be addressed in the final report of the Commission.

E. Host country regulation of foreign subsidiaries

38. In the absence of adequate global coordination, financial sector regulation will need to be based in the host country, not the home country, and may entail requiring the establishment of subsidiaries, rather than relying on branches.

F. International regulations

39. Market-driven international capital flows are of such a magnitude and volatility that they can offset any formal mechanism to provide additional finance for development. Thus, an active management of foreign capital inflows will be required to ensure that they are supportive of the counter-cyclical policies of Governments. The Articles of Agreement of IMF provide members with the authority to control capital inflows and expressly exclude the use of Fund resources to meet imbalances resulting from capital account disequilibrium. The Fund should be encouraged to return to its original principles and to support countries that attempt to manage external capital flows in support of domestic counter-cyclical policies.

40. In the absence of better systems of risk mitigation, it is especially important for developing countries to be wary of measures that expose them to greater risk and volatility, such as inappropriate capital and financial market liberalization. Developing countries should use all the tools at their disposal, including price interventions, quantitative restrictions and prudential regulations, in order to help manage international capital flows.

G. Regulatory institutions

41. While inadequate regulations are partly to blame for the current crisis, in some cases good regulations were not effectively applied and enforced. This highlights the need for reforms in regulatory structures, including reforms that increase the accountability of regulatory institutions for effectively applying rules that are in place and that make the possibility of regulatory capture less likely. The weaker the system of global regulation, the more segmented financial markets have to be in order to ensure global stability.

H. Towards global institutional arrangements for governing the global economy: a global financial regulatory authority; a global competition authority

42. The Financial Stability Forum was created in the aftermath of the financial crisis of 1997-1998 in order to promote international financial stability, improve the functioning of financial markets, reduce the tendency for financial shocks to propagate from country to country and enhance the institutional framework to support global financial stability. It is now apparent that the reforms proposed, by the Forum, although important, have not been sufficient to avoid major global financial instability. If it is to become the main instrument for the formulation of reforms of the global financial system, the Forum must take into consideration the importance of financial stability for the development of the real economy. In addition, it must increase the representation of developing countries in order to adequately reflect their views and the conditions in these countries and be made accountable to a democratically representative institution, for example the global economic coordination council proposed above.

43. The development of financial institutions that are too big to fail has played an important role in the development of the crisis and has made the resolution of the crisis both difficult and costly, both for taxpayers and for the global economy. It is imperative, therefore, not only that there is adequate oversight of these large institutions but that efforts be made to limit their size and the extent of their interactions in order to limit the scope of systemic risk. This will require more effective global cooperation in financial and competition regulation. Movement towards this goal might be enhanced by taking steps to lay the groundwork for a global financial regulatory authority and a global competition authority. With so many firms operating across borders, it is difficult to rely on national regulatory authorities. There may be large externalities generated by the action (or inaction) of national authorities. A potential, albeit partial, remedy to this difficulty is the proposal for a college of supervisors to oversee systemically relevant global financial institutions. This could provide a basis for a more comprehensive global authority.

VII. Support for financial innovations to enhance risk mitigation

44. The international community must further improve its strategies for preventing crises and coping with external shocks. In the absence of global systems of risk-bearing and the absence of, and in some cases resistance to, innovations that would facilitate efficient risk-bearing, there is a need to push ahead with the development of new instruments to provide better protection for developing countries from the ever-increasing volatility of markets (commodities, foreign exchange, food, etc.). Examples include local currency lending instruments, risk-mitigating facilities and GDP-indexed and commodity-indexed bonds. Credit facilities with flexible debt service are another option to be explored more proactively.

45. Regional development banks and other official institutions should be encouraged to play an active role in the promotion of such financial products. International financial institutions need to explore meaningful innovations that would enhance risk management and distribution, and how to encourage markets to

do a better job. In particular, while there has been some expansion in capital markets in domestic currencies in developing countries, developing countries still bear the brunt of fluctuations in exchange and interest rates. Lending by international and regional financial institutions in local currencies, baskets of local currencies or in regional units of account, as well as the provision of exchange and interest rate covers might be important steps in improving international risk markets.

46. Improved mechanisms and new international institutions to mitigate the risk of international investment could also have a positive impact on global demand if they allow countries to maintain the same level of protection against global financial instability with lower levels of international reserve balances.

VIII. Mechanisms for handling sovereign debt restructuring and cross-border investment disputes

47. Several developing countries are already facing debt sustainability problems. It is important to ensure that counter-cyclical recovery measures introduced in developing countries do not generate unsustainable debt dynamics. In those countries where the crisis is seriously threatening debt sustainability, consideration could be given to debt moratoriums and, where appropriate, partial debt cancellation. In addition, low-income countries, in particular, need more access to highly concessional funds if they are to meet their essential spending needs without getting back into debt. Multilateral development banks and other bilateral donors should make every effort to make repayment flexible in response to exogenous shocks.

48. There is, therefore, an urgent need to develop an equitable and generally acceptable sovereign debt restructuring mechanism. The mechanism should ensure that restructuring is sufficiently deep in order to give countries a fresh start. All debtors and creditors, should be treated on an equitable basis, including implicit creditors such as social security claimants. This mechanism should be complemented by an improved framework for handling cross-border bankruptcies. One way by which this might be done is through the creation of an independent structure, such as an international bankruptcy court.

49. The current crisis has already seen a number of bankruptcies of companies that operate across national borders, and this number is likely to increase. The absence of a formal mechanism for dealing with the impact of cross-border bankruptcy and insolvency, especially when related to financial institutions, transmits adverse economic effects to the global economy.

50. It is therefore especially important to achieve a uniform approach to financial and investment disputes on bankruptcy and insolvency. One way of achieving this may be through the international bankruptcy court discussed above.

51. Management of external financial flows and external debt are integrally related and of crucial importance to the successful implementation of a national development strategy that is sustainable and resistant to global crisis. International development institutions should ensure that developing countries have sufficient technical advice and management expertise available to build domestic competence in dealing with such issues.

IX. Completion of a truly development-oriented trade round

52. There is a need for a true development round in order to create an international trade regime that really promotes growth in developing countries. It is essential that, in all trade negotiations, the long-recognized principle of special and differential treatment of developing countries be preserved.

X. More stable and sustainable development finance

53. The need for more and more stable sources of finance for development, including for the investments needed to address the long-run challenges of responding to climate change, and new institutions for disbursement of funds is discussed above.

54. The international community needs to explore a variety of mechanisms of innovative finance, including regular emissions of new global reserves (such as special drawing rights), revenues generated from the auction of global natural resources (such as ocean fishing rights and pollution emission permits), and international taxes (such as a carbon tax, which would simultaneously help address problems of global warming, or a financial services tax, which would simultaneously help stabilize international financial markets). The receipts could be directed in part to defray the cost to developing countries of reducing greenhouse gas emissions in the context of their national policies to promote sustainable development.

55. The effective implementation of national systems of taxation form a crucial part of domestic development finance. Measures must be taken to preserve national autonomy in the selection of the sources and methods of government financing while ensuring that national differences do not create incentives to evade the responsibility of contributors to the support of government policies. An efficient method of achieving this result would be to make the exchange of information automatic.

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Sixty-third session
Agenda item 49
Sustainable development

Letter dated 28 April 2009 from the Chargé d'affaires a.i. of the Permanent Mission of Kazakhstan to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the text of the joint statement of Heads of State — founders of the International Fund for Saving the Aral Sea (IFAS), which was adopted on 28 April 2009 in Almaty, Kazakhstan (see annex).

I would appreciate it if the present letter and its annex could be circulated as a document of the General Assembly, under agenda item 49.

(*Signed*) Serik Zh. **Zhanibekov**
Chargé d'affaires a.i.

09-31774 (E) 040509

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Annex to the letter dated 28 April 2009 from the Chargé d'affaires a.i. of the Permanent Mission of Kazakhstan to the United Nations addressed to the Secretary-General

[Original: Russian]

Joint statement by the Heads of State of the founding nations of the International Fund for Saving the Aral Sea

The Presidents of the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan, Turkmenistan and the Republic of Uzbekistan met in Almaty on 28 April 2009.

In an environment of mutual understanding, trust, friendship and constructive cooperation, the Central Asian Heads of State discussed matters connected with the operation of the International Fund for Saving the Aral Sea, established in 1993 with the aim of taking joint practical action and planning future programmes to overcome the effects of the Aral Sea crisis and to improve the environmental and socio-economic conditions of the Aral Sea basin.

The Heads of State of the founding nations of the International Fund for Saving the Aral Sea, hereinafter referred to as "the Parties", recalling the centuries of neighbourly links between their countries, founded on common history, culture and traditions, mutual support and strategic partnership serving the fundamental interests of the peoples of the region and rooted in a rich experience of fruitful collaboration, and expressing a common desire to move relations between their States to a higher level;

Desiring to provide mutual assistance and support to achieve the Millennium Development Goals and to improve the environmental and socio-economic conditions of the Aral Sea basin;

Noting that the development of mutually advantageous collaboration among the States of Central Asia is important to ensuring sustainable development and regional security;

Taking into account climate change, the rapid deterioration of the glaciers and snowfields of the region and the rising demand for water caused by population growth and economic development in the countries of the region;

Noting the significance to addressing the problems of the Aral Sea basin of the efforts of the countries of the region towards integrated use and conservation of water resources and combating of desertification and soil degradation;

Attaching great importance to implementation of the projects established within the framework of the International Fund for Saving the Aral Sea, taking into account the interests of the countries of the region;

Considering that use of the water resources of the Central Asian region must take account of the interests of all of the founding nations of the International Fund for Saving the Aral Sea and must comply with all of the universally recognized principles of international law;

Considering the work undertaken by the International Fund for Saving the Aral Sea and by its constituent bodies to strengthen regional cooperation for the improvement of the environmental and socio-economic conditions of the Aral Sea basin;

Welcoming the adoption of the United Nations General Assembly resolution of 11 December 2008 regarding observer status for the International Fund for Saving the Aral Sea in the General Assembly;

Grateful to the specialized agencies of the United Nations, the international financial institutions, donor countries and other development partners for their assistance and support to the countries of the region in addressing the problems of the Aral Sea basin;

Inspired by the common desire to make a substantive contribution to overcoming the effects of the crisis in the Aral Sea basin,

Have adopted the following statement:

1. Noting the positive significance of the International Fund for Saving the Aral Sea, which, through its activities, has enabled the major issues connected with cooperation to overcome the effects of the crisis in the Aral Sea basin to be coordinated and addressed, the Parties will contribute to further action and to the development of cooperation with entities of the United Nations system, including the United Nations Regional Centre for Preventive Diplomacy for Central Asia and other international organizations;

2. The Parties express their readiness to further refine the organizational structure and the treaty basis and legal basis of the International Fund for Saving the Aral Sea, with the aim of making its action more effective and increasing its cooperation with financial institutions and donors for the purpose of implementing projects and programmes connected with addressing the problems of the Aral Sea basin;

3. The Parties entrust the Executive Committee, together with the Interstate Commission for Water Coordination and the Intergovernmental Sustainable Development Commission of the International Fund for Saving the Aral Sea with engaging national experts and donors to develop a Programme of Action for 2011-2015 to assist the countries of the Aral Sea basin for subsequent consideration and adoption by the founding nations of the International Fund for Saving the Aral Sea;

4. The Parties will continue collaborating to improve the environmental and socio-economic conditions of the Aral Sea basin;

5. The Parties reiterate their commitment to developing a mutually acceptable mechanism for the integrated use of water resources and for environmental conservation in Central Asia, taking into account the interests of all the States of the region;

6. The Parties confirm that the constructive discussions held in Almaty in a spirit of openness and mutual understanding have made a substantial contribution to furthering the traditional neighbourly links and mutually advantageous collaboration among the founding nations of the International Fund for Saving the Aral Sea to address the problems of the Aral Sea basin;

7. The Heads of State affirm their gratitude for the warm and cordial welcome extended by President Nazarbayev of the Republic of Kazakhstan on hospitable Kazakh soil.

Almaty, 28 April 2009

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Elections to fill vacancies in subsidiary organs and other elections: election of eighteen members of the Human Rights Council

Note verbale dated 27 April 2009 from the Permanent Mission of China to the United Nations addressed to the Secretariat

The Permanent Mission of the People's Republic of China to the United Nations presents its compliments to the Secretariat of the United Nations and has the honour to inform the latter that the Government of the People's Republic of China has decided to present its candidature to the Human Rights Council for the term 2009-2012 at the elections to be held during the sixty-third session of the General Assembly in May 2009.

The Permanent Mission of China to the United Nations has the honour to present an aide-memoire containing the pledges and commitments of the Chinese Government to the promotion and protection of human rights (see annex).

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Annex to the note verbale dated 27 April 2009 from the Permanent Mission of China to the United Nations addressed to the Secretariat

Aide-memoire

The Government of the People's Republic of China has decided to present its candidature for re-election to the Human Rights Council of the United Nations for the term 2009-2012 at the elections to be held during the sixty-third session of the General Assembly in May 2009 in New York.

The Chinese Government is committed to the promotion and protection of human rights and fundamental freedoms of the Chinese people and has worked unremittingly toward this goal. Currently, in accordance with the principle that "the State respects and safeguards human rights" set out in the Constitution of the People's Republic of China, governments at all levels in China are conscientiously implementing the scientific outlook on development that puts people first, with a view to building a harmonious society featuring "democracy, the rule of law, fairness and justice".

Since China was elected as an inaugural member of the Human Rights Council in 2006, it has made remarkable achievements in the field of human rights in a short span of three years, and fulfilled the pledges and commitments made during its last campaign. These achievements mainly include (a) realizing free and compulsory education in both rural and urban areas; (b) promulgating such laws as the Law on Employment Contract and the Employment Promotion Law to better protect workers' rights; (c) promulgating and implementing such regulations as the Regulations on Public Access to Government Information and the Regulations on the Implementation of the Administrative Review Law to ensure citizens' rights to be informed of, to participate in and to oversee government affairs; (d) revising the Law on Lawyers to provide further protection of lawyers' rights in legal proceedings; (e) death penalty appeal cases being heard in open court sessions and the authority to review death penalty cases being restored to the Supreme People's Court; (f) requiring procuratorial organs nationwide to carry out audio-video recording of interrogation of persons suspected of public office abuse-related crimes; (g) revising the Law on the Protection of Minors to improve the legal system for protecting minors; (h) stepping up support for the development of areas inhabited by minority ethnic groups, protecting the culture, tradition and religion of minority ethnic groups; (i) revising the Law on the Protection of Disabled Persons and holding the Beijing Paralympic Games successfully, which further fostered the respect for and understanding and care of people with disabilities worldwide.

The Chinese Government respects the universality of human rights, and is committed to conducting dialogues and exchanges in the field of human rights with other countries based on equality and mutual respect. As one of the 47 inaugural members of the Human Rights Council, China contributed a lot to the institution-building of the Council, and has undertaken its first Universal Periodic Review with an open and frank attitude and in a highly responsible manner. Besides, China has actively participated in the work of the Third Committee of the General Assembly, the Human Rights Council Advisory Committee, the preparation of the Durban Review Conference of the World Conference against Racism and United Nations

activities celebrating the sixtieth anniversary of the Universal Declaration of Human Rights. With the ratification of the Convention on the Rights of Persons with Disabilities and the Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict in 2008, China has acceded to a total of 25 international human rights instruments, including six core human rights conventions. China has earnestly fulfilled its obligations under the above-mentioned conventions and submitted reports on implementation on time. Six joint programmes, designed in accordance with the three-year memorandum of understanding on the Mutual Agreement to Cooperate in Development and Implementation of Technical Cooperation Programmes between China and the Office of the United Nations High Commissioner for Human Rights, have been successfully completed. China has conducted human rights dialogues and consultations with nearly 20 countries.

China is a developing country with a population of 1.3 billion. The level of development between its rural and urban areas and among different regions is uneven. Therefore, much work remains to be done in the field of human rights. With a view to implementing the principle that "the State respects and safeguards human rights" set out in the Constitution, and to furthering China's human rights cause, China has outlined the National Action Plan on Human Rights (2009-2010), which specifies the goals and measures in promoting and protecting human rights in the next two years. The Chinese Government will conscientiously implement this plan.

The Chinese Government wishes to make the following solemn commitments:

1. Exerting efforts to overcome the negative impact of the global financial crisis, safeguarding the economic, social and cultural rights of the people

China will carry out an economic stimulus package plan worth RMB 4 trillion, and speed up development of projects concerning people's well-being such as those in the field of education, health care and housing. A new poverty line will be adopted, and low-income rural residents will be covered by the poverty relief policy. The programme will benefit 40.07 million rural residents and narrow the gap between the urban and rural areas in terms of living standards. China will continue to implement a proactive employment policy, with the focus on facilitating the employment of those experiencing difficulties in finding jobs, such as rural migrant workers, urban unemployed people and people with disabilities. China will enhance the social safety net significantly, and make efforts to establish a system that ensures basic medical care and services for both urban and rural residents. China will strive to solve the housing problem of 10 million low-income urban families and families living in shantytowns within three years. China will continue to give high priority to developing education. It will formulate the Outline of the National Medium- and Long-Term Programme for Education Reform and Development through 2020, and achieve universal coverage of nine-year compulsory education throughout the country to ensure people's equal rights to education. In addition, China will complete within three years post-earthquake recovery and reconstruction in areas devastated by the massive Wenchuan earthquake of 12 May 2008.

2. **Continuing to promote the development of democracy and the rule of law, improve democratic institutions, enhance the protection of human rights in the field of administration, law enforcement and judiciary, and further protect civil and political rights**

China will deepen political restructuring; expand channels for people to participate in political affairs in an orderly manner and further promote democratic elections, decision-making, administration and oversight. China will gradually introduce the practice by which both urban and rural areas follow the same ratio of deputies to the represented population in elections of deputies to People's Congresses. China will improve the government news release and news spokesperson system, and increase the transparency of government affairs. China will further facilitate people's access to the Letters and Visits System to make complaints. China will support mass organizations and social organizations, such as trade unions and women's federations, in their work to protect people's legitimate rights and interests pursuant to law. China will stick to the policy of ensuring freedom of religious belief, and safeguard its people's freedom of religious belief. China will undertake 60 tasks in reforming the judicial system, further guarantee judicial justice, strengthen judicial supervision and provide further human rights education to public officers. Moreover, China will follow strict procedures concerning the sentencing and review of the death penalty. Forced confession is prohibited in China. China will revise the Law on State Compensation and other laws and regulations to improve protection of the rights of victims.

3. **Further protecting the rights and interests of women, children, minority ethnic groups and persons with disabilities**

China guarantees the rights of minority ethnic groups to manage their own affairs and state affairs pursuant to law. China will invest over RMB 2 billion for the development of minority ethnic groups in the next two years, and continue to provide necessary funds to renovate the temples and religious facilities that are of great historical and cultural value in areas inhabited by minority ethnic groups. China will fully achieve the goals set in the Outline for the Development of Chinese Women (2001-2010), encourage more women to participate in the management of state and social affairs, and ensure that women have equal rights with men in social life. China prohibits all kinds of domestic violence against women. Furthermore, China will accomplish the goals set in the Outline for the Development of Chinese Children (2001-2010), safeguard children's rights to subsistence and development and to participate. In addition, China will begin to formulate the Regulations on Rehabilitation of Persons with Disabilities and the Regulations on the Construction of Accessible Facilities, with a view to protecting the legitimate rights and interests of people with disabilities.

4. **Continuing to take an active part in the work of the Human Rights Council and the Third Committee of the General Assembly, and encouraging the above-mentioned institutions to deal with human rights issues in a fair, objective and non-selective manner**

China will earnestly fulfil its obligations set by the international human rights conventions it has acceded to, submit timely reports on implementation, and conduct constructive dialogues with relevant treaty bodies. China will continue to cooperate with human rights special procedures and respond to the communications transferred by them and will consider inviting one special rapporteur to visit China

this year. China will continue to conduct international exchanges and cooperation in the field of human rights based on equality and mutual respect, and continue bilateral human rights dialogues and consultations with countries concerned. China will continue technical cooperation with the Office of the United Nations High Commissioner for Human Rights.

China is ready to work with other countries in the world to promote the sound development of the human rights cause worldwide, and contribute to the building of a harmonious world of durable peace and common prosperity.